



**FOREIGN  
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# **Daily Report—**

## **East Asia**

**FBIS-EAS-94-225  
Tuesday  
22 November 1994**

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# Daily Report

## East Asia

FBIS-EAS-94-225

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22 November 1994

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## Japan

### Ministry Regrets 'Blunder' Over Pearl Harbor

OW2011091094 Tokyo KYODO in English 0805 GMT  
20 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 20 KYODO—The United States was not warned in advance of Japan's surprise attack on the U.S. Pacific Fleet in Pearl Harbor, Hawaii, in December 1941 because Tokyo's diplomats in Washington lacked a sense of emergency, Foreign Ministry documents declassified Sunday [20 November] said.

Based on the testimony of contemporary witnesses, the documents indicate that the U.S. could have anticipated the raid if the Japanese Embassy in Washington had promptly delivered a note declaring Tokyo's intention to break off bilateral negotiations that were going on in Washington.

Carried out by Japanese carrier-based planes in the early morning hours of Dec. 7 (Dec. 8 Japanese time), the raid claimed the lives of some 3,700 U.S. soldiers compared with 64 Japanese killed in the action and dealt a devastating blow to the U.S. fleet and airfields surrounding Pearl Harbor.

The secret coded dispatch from Tokyo, which was supposed to be delivered by 1 P.M. EST on Dec. 7, just 25 minutes before Japanese warplanes started the attack on Hawaii, would have notified Washington that Tokyo was poised to leave the negotiating table. But the memo was not processed in time as embassy personnel in Washington failed to realize the decision to break off talks meant war, the Foreign Ministry concluded in a rare fit of self-criticism.

While most historical facts about Japan's silence before Pearl Harbor are known, the newly declassified documents are the ministry's first official recognition of its diplomats' blunder.

In releasing the documents, the ministry issued a statement expressing deep regret over the belated notification. It said "there is no room for excuse," adding it considers the experience "a serious lesson" to be remembered.

According to the documents, the Foreign Ministry in Tokyo had sent a total of 13 secret memos concerning the negotiation process to the Washington embassy, all of which were decoded by a telegrapher by the evening of Dec. 6.

The telegrapher then left the embassy to attend a farewell party for a returning diplomat while First Secretary Shozo Okumura, who was supposed to type a clean copy, went home, leaving the work until the following day.

A top-secret 14th memo, which announced Tokyo's withdrawal from the talks, was dispatched on the morning of Dec. 7 and decoded by noon. But its fair copy

was not ready before 1:25 P.M., when the attack on Pearl Harbor set off the Pacific war, and was actually handed over to U.S. Secretary of State Cordell Hull at 2:20 P.M., according to the documents.

A Foreign Ministry investigation blamed mainly Okumura for the delay, noting "professional negligence at the governmental establishment abroad (the embassy)," but the ministry did not take any disciplinary measures.

Shiroji Yuki, a Japanese diplomat who testified in the Tokyo war tribunal, defended the embassy staff, stressing in a letter to then Foreign Minister Hitoshi Ashida in 1947 that "the Foreign Ministry should have been a little more mindful in its instructions concerning procedures." He also opposed disciplinary action, saying, "it cannot be considered as wise policy taking into account the Foreign Ministry's prestige."

Besides nine files concerning the Washington embassy's workings on the eve of the Pearl Harbor raid, the ministry also released some 16,000 pages of documents on events that occurred in the decade from 1952. It was the 12th in a series of declassifications of diplomatic files by the ministry and the first in three years. But eagerly awaited documents related to the resumption of diplomatic ties between Japan and the former Soviet Union in October 1956 or the conclusion of the U.S.-Japan security treaty in January 1960 have not been made public.

### Murayama 'Wants To Resign' Over SDPJ Regrouping

OW2211060694 Tokyo EKONOMISUTO in Japanese  
29 Nov 94 p 14

[Unattributed report from the "People and Events" column]

[FBIS Translated Text] Prime Minister Tomiichi Murayama, at the head of the unexpected coalition of the Liberal Democratic Party [LDP] and Social Democratic Party of Japan [SDPJ], has been adept at clearing up the government's pending issues. However, with the evolving "rebellion" in his own home camp—the SDPJ—he has recently been observed to have begun taking actions and making remarks indicating a weakened will. As the extraordinary Diet session draws to a close, he is vacillating between aggressive and feeble behavior.

The Murayama administration was formed, in the first place, on an anti-Ichi-Ichi (from Ichiro Ozawa, secretary general of Shinseito, and Yuichi Ichikawa, secretary general of Komeito) line. Therefore, the prime minister has so far taken a hardline attitude against the opposition group "Kaikaku's" offensive, and moves toward forming a new-new party [shin shinto]. Backed by Takako Doi, speaker of the House of Representatives; the SDPJ left wing and middle-of-the-roaders; as well as powerful members of the LDP, including former Prime Minister Noboru Takeshita, the administration has even appeared to be capable of remaining stable for a while.

However, as definite plans evolve for the creation of a new-new party, and the SDPJ right wing led by Secretary General Wataru Kubo and former Chairman Sadao Yamahana actively move to organize the New Democratic Alliance, labor unions supporting the SDPJ are clearly split into those favoring Murayama, and those favoring Kubo. While at first, Murayama did not take events in the SDPJ seriously, he has now begun to attempt to co-opt the New Democratic Alliance by indicating his apparent support, and by holding regular meetings with Kubo.

There is even talk among the prime minister's close aides about a cabinet reshuffle to suppress the moves within the SDPJ to form a new party, by inviting Kubo and the other rebels to join the cabinet. These developments made it necessary for former LDP Secretary General Seiroku Kajiyama, who has been Murayama's ally since their days as Diet Affairs Committee chairmen of their respective parties, to rush to the Prime Minister's Official Residence to tell Murayama: "An administration is only good to the extent it can hang on to power for a long time."

To a handful of his close associates, Murayama has lamented: "Personally, I would like to resign anytime." Recently, he is said to have mentioned resigning also as prime minister when his term as SDPJ chairman expires in autumn 1995. It is not clear whether he is serious about resigning, or he is merely being defiant. His days of vacillation seem to continue.

#### **Murayama Seeks Party Unity in Talks With Kubo**

*OW2211065294 Tokyo KYODO in English 0641 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Prime Minister Tomiichi Murayama warned his strongest rival within the ruling Social Democratic Party (SDP) on Tuesday [22 November] to help keep party unity because disgruntled SDP members are trying to form a new party, SDP sources said. The sources said Murayama, who is also SDP chairman, issued the warning in a meeting with SDP Secretary General Wataru Kubo.

In a fresh sign of a deepening rift within the SDP, Kubo expressed reluctance to accept Murayama's proposal for a general meeting of SDP lawmakers in both houses of the Diet, according to the sources.

The top-level meeting was held amid growing indications that the SDP, the second largest political party in Japan after the Liberal Democratic Party (LDP), was heading for a breakup as early as January. Both the SDP and the LDP are parties in the three-way coalition with New Party Sakigake [Harbinger], an LDP splinter group.

In a related development, the SDP decided to hold forums for its local branches to clarify the basic ideas of a proposed new democratic and liberal party, officials said. The party is considering holding a meeting of the

heads of its local branches in mid-December after a meeting of all party Diet members by the end of the week with the attendance of Prime Minister Murayama, the officials said. The move has been prompted by growing opposition among the party's local echelons to the creation of a new party in January.

The party's local organization reform and election campaign managers voiced such opposition in their meeting Monday, calling for a unified view on the issue by the party's central leadership. The issue of holding a national congress next month will be discussed at the central executive committee meeting Thursday.

Meanwhile, supporting labor union leaders asked Kubo before his talks with Murayama to proclaim the ideas and policy lines for the planned new party.

In a "roundtable" meeting with Kubo, the leaders of 11 trade union organizations, the principal supporters for the SDP, did not display opposition to the new party plan but expressed hope the party will make clear the tenet and policy for the new party as early as possible.

Union leaders, however, are divided as to whether the SDP should split the party in the intensifying intraparty power struggle over the new party plan, according to participants in the roundtable meeting.

#### **Murayama Warns Kubo**

*OW2211122194 Tokyo KYODO in English 1151 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Prime Minister Tomiichi Murayama on Tuesday [22 November] warned his main rival within the Social Democratic Party (SDP), one of the three ruling coalition forces, not to hasten the formation of a new party and called for unity, party sources said. Murayama, also SDP chairman, issued the warning in a meeting with SDP Secretary General Wataru Kubo.

The meeting was held amid growing indications that the SDP, the second largest political party in Japan after the Liberal Democratic Party (LDP), was heading for a breakup as early as January, undermining Murayama's power base. Both the SDP and the LDP are parties in the coalition with New Party Sakigake [Harbinger], an LDP splinter group.

Both Murayama and Kubo agree on the necessity of the formation of a new party, the sources said. Murayama, however, told Kubo that if an intraparty rift over the way in which a new party is to be formed intensifies, it would not result in achieving its ideal.

Kubo pointed out the necessity of an early formation of a new party, saying the SDP should not lose time, the sources said.

Kubo, the No. 2 man in the SDP, expressed reluctance to accept Murayama's proposal for a general meeting of SDP lawmakers in both houses of the Diet.

On Sunday Kubo said he wants to form a new party before the regular Diet session convenes in late January and to call a party convention to disband the SDP ahead of the parliamentary session.

A rebel policy group from within the SDP, the New Democratic League, led by former party head Sadao Yamahana, has been strongly advocating an early formation of a new party. Kubo has close ties with the group.

Yamahana has said he and his supporters within the SDP may quit the party even before the formation of the new party.

Kubo aims to make the new party into a power to cope with the two main political forces, the conservative-dominated LDP and the other new party to be set up by major opposition parties on Dec. 10.

After Murayama took office with the backing of the LDP in late June, the pacifist SDP has made major policy shifts, including acknowledging the constitutionality of the Self-Defense Forces.

In a related development, the SDP decided to hold forums for its local branches to clarify the basic ideas of a proposed new democratic and liberal party, officials said.

The party is considering holding a meeting of the heads of its local branches in mid-December after a meeting of all party Diet members by the end of the week with the attendance of Murayama, the officials said.

Meanwhile, supporting labor union leaders asked Kubo before his talks with Murayama to proclaim the ideas and policy lines for the planned new party.

In a meeting with Kubo, the leaders of 11 trade union organizations, the principal supporters for the SDP, did not display opposition to the new party plan but expressed hope the party will make clear the tenets and policies of the new party as soon as possible.

#### **Komura: Diet Dissolution 'May Cripple' Economy**

*OW2211015894 Tokyo KYODO in English 0146 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Japan's economic planning chief criticized Tuesday [22 November] the move to dissolve the Diet, warning that a delay in forming the fiscal 1995 budget may cripple the barely recovering economy.

The next budget "must be drafted by the year's end and enacted by the end of the current fiscal year to support the economy and secure public living," Masahiko Komura, director general of the Economic Planning Agency (EPA), told reporters after a morning cabinet meeting.

To realize quick budget formation under a normal timetable, the government of Prime Minister Tomiichi

Murayama must remain "stable," Komura stressed in brushing off immediate dissolution of the Diet's lower house.

He particularly criticized comments in the press Monday by opposition party strategist Ichiro Ozawa calling for quick elections as a "logical" way to seek public judgment on the just-enacted political reform bills. Komura countered that there is no such logic under the constitution.

#### **New Election Law Effective From 'Christmas'**

*OW2211051594 Tokyo KYODO in English 0435 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—The government decided Tuesday [22 November] to put the just-enacted Constituency Demarcation Law into effect on Christmas for a new single-seat election system for the House of Representatives. The cabinet decided in a regular meeting to promulgate Friday the law which was enacted Monday when the election reform package passed the House of Councillors. The new law will become effective after a one-month public notification period.

The law redraws the election map for the powerful lower house in line with the political reform bills that passed in January, completing the procedure for establishing the new election system of single-seat constituencies combined with proportional representation.

Each party should register its name with the election authorities between Dec. 25 and the end of the year. The parties that wish to receive public funds for their activities must submit the required documents to the home affairs ministry between Jan. 2 and 17.

Under the new election system, each candidate in a single constituency can use for his election campaigns up to 19.1 million yen plus 15 yen multiplied by the number of the voters in his constituency.

Election campaign costs average 23.9 million yen per Diet member, down 12.5 percent from the figure under the old multiseat system. The maximum election campaign costs were stipulated in three government ordinances for the new law that were also approved in the cabinet meeting.

#### **Tokyo Ready To Submit A-Bomb Redress Bill**

*OW2211020294 Tokyo KYODO in English 0151 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—The government formally authorized Tuesday [22 November] a bill aimed at paying 100,000 yen per person to families of people killed in the 1945 atomic bombings of Hiroshima and Nagasaki on condition the families themselves are suffering from effects of the bombings.

The bill, approved at a regular cabinet meeting, will be sent to the Diet later in the day, officials said. Deliberations are slated to start at a House of Representatives plenary session Thursday.

The government is hoping the bill will be passed during the current Diet session ending Dec. 3, but there is a move within the opposition to submit a counterproposal bill that may gain more support from A-bomb victims.

The government-proposed bill said in its preamble that "the government will take the responsibility" of carrying out comprehensive measures to support A-bomb victims in view of "the special nature of damage to their health."

Meanwhile, a bill prepared by Kaikaku (Renovation), a parliamentary bloc of noncommunist opposition forces, said the government should carry out redress measures for the victims in consideration of their calls for "government compensation." Victims' groups have been calling for a bill to realize government compensation for their suffering.

Both the bill made by the ruling coalition and the counterproposal by the opposition provide government bonds worth 100,000 yen which are redeemable in two years.

The government bill said such bonds would be given as "special funeral money" to the families of those killed in the bombings who themselves are also A-bomb victims. The opposition bill, however, does not require the families to be victims to receive the money.

#### **Kaifu, Nakasone, Watanabe Face Severe Future**

942A0745A Tokyo SEIKAI in Japanese Oct 94 pp 30-35

[Article by Jiro Honzawa, political commentator: "The Day After: Three Rebels of Kaifu, Nakasone, and Watanabe Face Severe Future"]

[FBIS Translated Text] Three influential members, former Prime Minister Kaifu, former Prime Minister Nakasone, and former Deputy Prime Minister Watanabe wagered their own flesh and blood to prevent the birth of the Murayama administration. We are curious to find out what they have been up to. Energetic Kaifu is moving toward establishment of a new-new party; however, those in the government parties predict that the "political careers are finished" for the trio of rebels. Indeed, the hurdle for each of these three men is high and not easily surmountable.

#### **Stable Political Situation, Unless the Two Powers Clash**

The political situation after September may have a slight tremor, but there will not be any severe shock. The reason for this is that we have the strongest coalition government in history. The largest and second-largest parties have joined hands; therefore, unless the two powers fight and split, the political situation will be stable.

At this moment, it is difficult to imagine an external factor that might undermine the Japanese islands.

The political situation, therefore, has been stabilized. It is the most favorable environment for the financial world.

This summer, the residents of Nagata-cho [political district in Tokyo] have enjoyed overseas travel for the first time in a long time. Relying on taxes paid by the sweat of people's brows, Diet inspection tours have been formed, placing "bitter enemies in the same boat." Because of this, the Ministry of Foreign Affairs has been unusually busy, not to mention its overseas agencies.

Watching all this, Diet members of government parties are saying, "It serves them right!" Under the Hosokawa and the Hata cabinets, the Ministry of Foreign Affairs had been running amuck, without controls.

While the ministry forced through the UN PKO Cooperation Bill domestically, it aggressively made attempts for Japan to become a permanent member of the UN Security Council. The ministry ignored people's opinions, and it also ignored what politicians say and do.

It seems that the ministry has run independently with right-leaning journalism and the rightwing politicians as its shield. This is so-called political superpower line. Under the surface there was a military superpower line hidden. One that represented the rightwing politicians was Ichiro Ozawa. Armed with Ozawa's behind-the-scene power and under the non-LDP [Liberal Democratic Party] coalition administration which was inexperienced in foreign diplomacy, Ministry of Foreign Affairs has forced policies which ignored the Constitution.

The same thing can be said about the Ministry of Finance. Despite the big drop in tax revenue, the ministry has been extremely lenient about military spending. It gave special consideration for the Ministry of Foreign Affairs and Defense Agency. On the other hand, it tried to force 7 percent national welfare tax. Both the Ministry of Foreign Affairs and the Ministry of Finance are synonymous with Vice Minister Saito.

The birth of LDP-SDPJ-Sakigake coalition government was, therefore, a bolt from out of the blue for hardliner bureaucrats of the three—the Ministry of Foreign Affairs, the Ministry of Finance, and Defence Agency.

Process of Japan's becoming a political and military superpower is being stopped. For this alone, we can say the Murayama administration is "a better administration." However, whether it can stop the arbitrary behaviors of the three (two ministries and an agency) will depend upon its performance from now on.

A noteworthy negative legacy left by the Hosokawa and Hata administrations was the protrusion of bureaucracy and the two-tier power structure of the government. The policies have turned to the extreme right. A rightist

policy was also taken concerning the North Korean problem. And this was due to the fact that attitude to support peaceful diplomacy, such as moral principles and talks, had been lost, and an evil militaristic line emerged by so-called "Ichi-Ichi line" [High-handed methods of Ichiro Ozawa, Shinseito, and Yuichi Ichikawa, Komeito]. This line was far more rightist and even more dangerous than that of LDP era. Japanese people should never forget this because after all, these administrations were Ozawa's puppet administrations.

#### This Year's Overseas Rush, "China Boom"

"Prime Minister, what is your impression of China under the Socialist market economy?" I woke up when I had asked [former] Prime Minister Masayoshi Ohira this question in my dream. My clock was pointing 0700 on 10 August. Strangely, I had a dream of Ohira this morning.

My first visit to China was in December 1979 when I accompanied Mr. Ohira. China gave an extraordinary welcome to the person who had done a distinguished service in normalizing the relationship between Japan and China.

Asked about the welcome at the Xian Airport, Mr. Ohira would smilingly say, "This time, they are welcoming me in a very natural manner."

In the dream, I was wondering what Mr. Ohira thought of the present China. So, I was asking him about it in the dream. Of course, Mr. Ohira is no longer alive and I, too, am no longer a newspaper reporter.

On 10 August, a newspaper carried in its column an article about China visit plan of Mr. Koichi Kato, LDP chairman of the Policy Affairs Research Council. Come to think of it, Kato also accompanied Mr. Ohira when he visited China as the then deputy cabinet secretary. I remember being very impressed by Mr. Kato, who had mastered Chinese while working at Foreign Ministry, when he gave a speech in Chinese.

In the same newspaper, there was another article about a press conference in Beijing of the Watanabe faction's Taku Yamazaki, who was Kato's friend. This August has been a month of overseas travel rush, and a revival of China boom.

Even Hiroshi Mitsuzuka, who used to be pro-Taiwan and used to try to stop Ohira when Ohira was working hard for friendship between Japan and China, visited China this time. Times have changed. Contrary to Ozawa, who shows interest in Taiwan only, Mitsuzuka, being anti-Ozawa, is leaning toward Beijing.

Noboru Takeshita, who has become a leader in Japan-China connection, also has visited China. Nakasone, Kaifu, and Watanabe fell when the Murayama administration was established; however, on the contrary, Takeshita has risen. Once again "the trek to Takeshita" is becoming a trend.

Delegation led by Takako Doi, chairwoman of the House of Representatives, also have visited Beijing. Koichiro Aino, a leader of Shinseito anti-Ozawa movement, also accompanied this group. Yoshiro Hayashi, chairman of Japan-China Diet Members' Federation, also was bound for Beijing. Tokuma Utsunomiya, honorary president of Japan-China Friendship Association, points out that "China's economic development is the background to the recent China boom."

Hosokawa and Hata administrations were giving consideration to pro-Taiwan Ozawa, and this summer's overseas travel rush, apparently, was a reaction to that. Yamazaki has been regarded a leader of hardliners in the past, and he has kept in step with Nakasone and Watanabe. However, as soon as he joined the YKK [Taku Yamazaki, Koichi Kato, and Junichiro Koizumi] line, led by Kato and Junichiro Koizumi, he visited Pyongyang and Beijing.

Yamazaki's actions clearly set him apart from Nakasone and Watanabe. What about Kabun Muto, who is controlling the Watanabe faction together with Yamazaki? He took many of the faction's younger politicians around the Central and South America this summer.

"The old man wanted to go to Asia, but the younger members strongly suggested Central and South America," Muto's office explains.

Muto and Yamazaki's actions show that the Watanabe faction has already broken up. Its executives like Koko Sato and Eiichi Nakao have been busy with their independent activities. "The door of the faction is open, but practically no business is done within" (an executive of the Watanabe faction).

In the meantime, the Watanabe faction is being "divided and ruled" by Muto and Yamazaki. Some are moving toward collective leadership, adding Sato and Nakao to the above two.

Either way, there will not be Nakasone or Watanabe. And this describes the new trend and the position of Muto and Yamazaki.

#### Future for Nakasone and Watanabe, After Their Political Career

On 29 June, just before chairman of the Social Democratic Party of Japan [SDPJ] was elected prime minister, Nakasone suddenly held a press conference and declared his support for Kaifu, who was supported by Ozawa. Nakasone bore a strange expression on his face then.

People are whispering in Nagata-cho that "Nakasone held the press conference pressured by 'Nabetsune'—Tsuneo Watanabe, president of YOMIURI SHIMBUN. He is the man who boasts, 'I established the Nakasone administration.'"

The one who set up Nakasone-Ozawa meeting was also said to be Nabetsune. "He made Ozawa kneel on the ground (in apology) and had the two make up" (A

well-informed source). This is a possible scenario because the three agree on the point that "they want the undesirable amendment of the pacifism of the Constitution" (The same source).

"Isn't there 'Bukichi Miki' in the Heisei era?" Recently, Nakasone is said to have uttered this. It seems that Nabetsune has volunteered to play that role (the role of Miki). Bukichi Miki was a controversial person who achieved a conservative merger in order to bring about constitutional reform and rearmament.

A conservative merger of Heisei would be to unify LDP and SDPJ, excluding LDP liberals and SDPJ leftists. In other words, it is a scary plan to seize power by the rightist party and the right wing coalition. This has been Ozawa's earnest wish.

Both Nakasone and Watanabe were "convicts." Nakasone has been brainwashed by Nationalism, and Watanabe is ideologically in harmony with Ozawa. A strong Japan backed by militaristic power is their dream.

Japan failed 50 years ago, trying to govern and settle disputes by militaristic means. There are lessons in history. The arms race between the United States and Soviet Union has brought economic failure to both countries. Today struggles in various areas are caused by poverty. Militaristic solution is not possible under such circumstances.

YKK, who are in opposition to Ozawa, must have learned the lessons from the past. That is why Koizumi is trying desperately to stop Ministry of Foreign Affairs from running independently by itself.

Immediately after Nakasone threw away his pride and sense of shame and held a press conference to support Kaifu, Koizumi shouted, "Political lives of Nakasone and Watanabe have been terminated. Their influence has become zero." This remark was much to the point.

LDP executives were overjoyed inwardly at the fact that two influential members of the LDP had played into Ozawa's strategy. They thought, "With these two leaving the LDP, the party's dark taint will be removed and the LDP will be clean."

Naturally, there was a tension at Muto's office at that moment. Yamazaki rushed to Muto's office and, together with Muto, tried to stop their younger members from being shaken up. Consequently, neither Nakasone nor Watanabe could exercise their influence over them because they met the resistance from within the faction. It is unheard of that the founder of the faction and the current "owner" violated the party policy, and the executives and the younger members objected.

Naturally, the party's executive committee received a chorus of "dismember them!" Kaifu, who had defied the executive committee, had no choice but to leave the LDP. However, to our surprise, neither Nakasone nor Watanabe would leave the party. They cannot complain

if anyone says "Nakasone and Watanabe have gone senile. They are illogical and have become unprincipled politicians" (an LDP executive).

### The Two Are Completely Ignored

What are Nakasone and Watanabe doing now?

"Watanabe has been hospitalized, supposedly for tests and rest. There have been absolutely no faction meeting. The door is open, but practically no business is done within," explains the executive office of the Watanabe faction.

Other factions are harsh, saying, "Watanabe must be having a cancer finally" (an executive of the Komoto faction).

Nakasone's office says, "The old man is in Karuizawa. There is no plan to go abroad." People around him rumor, "Nakasone was fooled (enticed) by Nabetsune and ended up spoiling his reputation," "He was going to lose to Yasuo Fukuda, if the system was changed to single-seat constituencies system. That's why he sided with Ozawa. But because of the recent incident, he would not go further than being a candidate in a proportional representation constituency."

Being asked, "Why did Nakasone join hands with Ozawa?" those close to Nakasone, who look still confused, would say, "We have no idea. He doesn't say anything...." Nakasone suddenly joined hands with Ozawa whom he had always fought against. Even for his brain trusts, this is "unthinkable." Nakasone seems to have been forsaken by his followers, too.

However, there are some around him who make the following prediction.

"The complication of the government will last for a while. The series of political drama are not over yet. The LDP-SDPJ government will eventually become shaky. There still is a chance..."

They seem to imply that the opportunity for Nakasone will come someday. Some of his followers are hopeful.

Naturally, the atmosphere within the LDP is cold. The party completely ignores the two influential members.

"I played golf with officials of Ministry of Health and Welfare, but no one talked about Nakasone or Mitchey (Watanabe). Everybody has forgotten about the two completely" (a Miyazawa faction executive).

The office of Junichiro Koizumi, who is an executive of the Mitsuzuka faction, flatly refused our interview, saying, "There is nothing to talk about."

At the beginning, when the two rushed to support Kaifu, the party was angry and wanted to "dismember them." Now, the party is completely ignoring them. The time changed surprisingly fast for the two.

Nakasone is behaving himself in Karuizawa. Watanabe doesn't move since he is hospitalized.

Kaifu, who willingly played into Ozawa's strategy and dreamed of becoming prime minister for the second time, however, is energetically advocating the new-new party, just like Ozawa.

#### Energetic Kaifu—"A Defeated General Talks of Battles"

Kaifu was the one who set up a meeting after the political change, while Ozawa was away in Washington.

He was to be prime minister, but now he is a defeated general. This is rather embarrassing. Although "a defeated general should not talk of battles," Kaifu cannot afford to take things easy. That is why the defeated general is talking of battles. However, he is regarded as "a person of the past." He no longer appeals to people.

Kaifu's supporters are 22 members of Liberal Party, Koshikai, Shinto Mirai and former Kaikaku no Kai.

They are Koji Kakizawa, Seiichi Ota, Shokei Arai, Shizuo Sato, Taku Yamamoto, Kenzo Yoneda, Sanae Takaichi (these belong to Liberal Party), Kaifu, Takeshi Noda, Yuji Tsushima, Koji Yasuoka, Akihiko Noro, Hiroshi Imazu (these belong to Koshikai), Michihiko Kano, Masayasu Kitagawa, Takao Sato, Teruhiko Mashiko, Koji Sakamoto (these belong to Shinto Mirai), Takeo Nishioka, Kunio Hatoyama, Masamitsu Oishi and Takashi Sasagawa (these belong to former Kaikaku no Kai).

People have labeled them as "a power seeking, self-willed bunch" (the LDP's YKK group). For that reason, having fallen out of power has been extremely shocking for them. Some even whine, "I want to go back to the LDP."

"When they change their attitude, we may reinstate them someday but not right now. It's important for them to experience being in nongovernment party for a while." The reaction of the LDP to those who left the party is cold. This might be the reason most people say that "Kaifu is advocating the new-new party, trying as much as possible to stop Liberal Party, Koshikai, Shinto Mirai, and former Kaikaku no Kai from being shaken up."

Ozawa boasts, saying, "I will form the new-new party in September." Kaifu says that he will start a preparatory committee in mid-September. Because of the single-seat constituencies system, formation of a new party seems inevitable, but it may not be so easy.

This is because money is involved. One of the goals Ozawa wanted to achieve through "political reform" was that political parties obtain the tax paid by the sweat of people's blow. This fund is roughly 30 billion yen. At the time of recession, 30 billion yen is something every party would desire.

Ozawa is trying to obtain the large sum by unifying the former nongovernment coalition parties. However, the parties object this plan of Ozawa. Their true feeling is "we dare let Ozawa do as he pleases."

This is why the new-new party would not materialize by the end of September. The battle for 30 billion yen has suspended the drama of political reform.

The three parties—LDP, SDPJ, and Sakigake—are working on the original political reform to create an anticorruption law. It's a pity that Kaifu does not have this idea. Takeo Miki, who once was Kaifu's boss, insisted that legislating anticorruption law was the true political reform. It was not implementation of single-seat constituencies system that he insisted. This is the weak point in Kaifu's political reform theory.

However, he has said one thing good. On 8 August, when invited by Japan Press Club as a representative of Jiyu Kaikaku Rengo [Liberal Reform Alliance], Kaifu stated, "Japan's basic principle should be to work for world peace transcending the concept of peace based on military power."

Why didn't he insist on this point earlier? Had he carried through nonmilitary policy when he was prime minister, he would have won high respect as Miki's favorite student.

If this statement of Kaifu is how he really feels, his position would be completely different from that of pro-military Ozawa. Kaifu would be closer to Murayama, Kono, and Takemura. He would be in agreement with the idealism of the Constitution. And this is the general opinion of Japanese people.

This means Kaifu has revealed difference between him and Ozawa. However, can he carry through his idea till the end? Around him there are Kakizawa, Kano, and Nishioka, the rightists and hardliners who approve Ozawa line. Komeito and DSP [Democratic Socialist Party], which are dragged by Ozawa, also would try to stop Kaifu. Can Kaifu control the hardliners?

"Nakasone and Mitchie [Michio Watanabe], who have stayed in the LDP, have very little influence. Also, Kaifu, who has to speak boldly, cannot really start the new-new party. Political lives of the three have been cut" (an executive of Komoto faction). This is the assessment of Kaifu given by his old nest.

Another executive of Komoto faction also said, "Consequently, all Kaifu took with him were only two of our younger members. Others were not moved. This is the extent of his ability. He couldn't even become chairman of the Komoto faction."

Watanabe faction is carrying on, putting Nakasone and Watanabe on the shelf. The Komoto faction, which used to be home to Kaifu, is being led by Soichiro Ito. Tokuo Yamashita, who used to be close to Shin Kanamaru, is in poor spirits. Ito, who is very close to Takeshita, is controlling this faction.

To the degree Nakasone has fallen, to the same degree Takeshita has risen. There is no debt relationship between them any more. It is ironic that Takeshita's comeback has been made more sure by the three rebels. It also is making Ozawa's fall imminent.

[Box, p 33] Nagatacho Joho Kurabu (Nagatacho Information Club)

#### **Problems of Younger Politicians of Shinto Sakigake, Who Have Joined Hands with Their Old Nest**

Younger politicians of Sakigake that played the role of glue between the LDP and the SDPJ and came in power are troubled as the redistriction of single-seat constituencies becomes concrete.

According to the redistriction, most Sakigake members will have to compete with incumbents of the LDP and the SDPJ in the same constituency. Originally, many in Sakigake had expected this situation and left the LDP in order to fight it out with them in the election.

However, since Sakigake has become a part of the government by making up with the LDP, it is difficult for it to compete with the LDP on the basis of difference in policies. On the other hand, if the new-new party, which Shinseito is planning to form, comes up with strong candidates, Sakigake may get lost in the battle between the LDP and the new-new party, resulting in a devastating situation.

Under these circumstances, the direction is set to coordinate among the three nongovernment parties in selecting candidates. However, the weak Sakigake has no choice but to lean on the LDP's "kindness" in order to have its own candidates represent the coalition. Then, despite its original idea in founding this party, it will have to be under the LDP's complete control, or rejoin the party.

Sakigake members have left the former coalition, objecting Shinseito Secretary General Ichiro Ozawa and Komeito Secretary General Yuichi Ichikawa; however, now they are a little envious, saying, "If the new-new party is founded, election would be easier over there."

#### **Murayama's Think Tank Challenges Bureaucracy**

OW1911025594 Tokyo BUNGEI SHUNJU in Japanese  
Dec 94 pp 235-236

[Unattributed article from the "Kasumigaseki Confidential" column: "Prime Minister Murayama's Think Tank"]

[FBIS Translated Excerpt] On the evening of 21 October, when heated negotiations were taking place in Nagatacho between the cabinet and ruling parties regarding the domestic agricultural policy in the wake of the Uruguay Round (multilateral trade negotiations) accord, Prime Minister Tomiichi Murayama invited four scholars to the Prime Minister's Official Residence, and listened to their opinions on international and economic issues.

These scholars were Professor Takehiko Kamo, the University of Tokyo; Professor Seiichiro Saito, Rikkyo University; Professor Susumu Takahashi, the University of Tokyo; and Professor Jiro Yamaguchi, Hokkaido University. Kamo and the others will meet regularly with the prime minister in the future, and give advice on various issues.

Dietmember Shusei Tanaka, acting representative of Sakigake, proposed this think tank plan. His proposal is aimed at actively adopting the "people's" point of view in order to change the status quo of bureaucracy-led politics. The Murayama side received Tanaka's proposal positively. The basic stance of the Murayama side is "to grant Sakigake's requests as much as possible in order to strengthen the coalition government," according to a close aide to the prime minister. Having no brain trust or think tank to speak of, the Murayama cabinet has been forced to let bureaucrats assume the leadership in policy matters. Because of this, the think tank members are expected to support the Murayama cabinet.

The members of the think tank were selected by Tanaka and Construction Minister Koken Nosaka.

Initially, Masumi Ishikawa, ASAHI SHIMBUN senior editor, was a candidate, but he was not selected because "YOMIURI, MAINICHI, and other newspapers would raise an objection." Naoki Tanaka, economic commentator, was also a strong candidate but he was not chosen because: "If he becomes a member, it will be difficult for the think tank to reach a consensus of opinion."

Shusei Tanaka, who proposed the think tank plan, assumed the office of special aide to the prime minister at the same time as the Hosokawa administration was formed last year. He was given an office in the official residence, and served as an advisor to the prime minister with an original point of view on a variety of issues. Devised from a unique viewpoint, Tanaka's ideas were often different from the bureaucrats'. Last year, Tanaka was the one who applied the brakes on the Foreign Ministry, which was running ahead of others on the issue of seeking a permanent seat on the United Nations Security Council [UNSC]. Tanaka made a noted remark: "Seeking a UNSC seat is not good. 'Choose people you need, rather than people who want the position.'" The recent attempt to create a think tank is Tanaka's second challenge to the bureaucracy.

#### **Hashimoto on Conditions for PRC GATT Admission**

OW2211044194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Nov 94 Morning Edition p 3

[By Hiroyuki Akita]

[FBIS Translated Text] Jakarta, 12 Nov—International Trade and Industry Minister Ryutaro Hashimoto met with Chinese Foreign Economic Relations Minister Wu Yi in Jakarta on 12 November. In the meeting, Wu introduced China's plan to take some action to comply

with Japan's request for a return of added value tax imposed on foreign companies in China. Wu said: "We are fully aware of the importance of foreign investments, and we would like to study possible measures."

China introduced the added value tax last January, but promised to return tax imposed on the Chinese-made raw materials of export products. In August, however, the Chinese Government announced its decision not to return the tax collected from foreign companies. Following this decision, some Japanese companies abandoned their joint venture projects in China as the suspension of the tax return was likely to push up production costs.

In connection with Japan's yen-based loans, Wu called for Japan's consideration on rescheduling of loan repayments, noting: "The appreciation of the yen is creating serious exchange risks."

Hashimoto said that, to pave the way for China's admission to GATT, China must: 1) Further lower its tariffs on textile products; and 2) reduce tariffs on, and non-tariff trade barriers against assembled automobiles. Referring to the drastic expansion of China's textile exports to Japan, Hashimoto highly rated China's voluntary restraint measures, and said Japan would like to continue bilateral talks on this subject.

#### MITI To Create New System in Lieu of ODA

OW1911142694 Tokyo TOKYO SHIMBUN in  
Japanese 17 Nov 94 Morning Edition p 3

[FBIS Translated Text] On 16 November, the Ministry of International Trade and Industry [MITI] announced a plan to form a new system, designed to improve industrial foundations in developing Asia-Pacific Economic Cooperation (APEC) member nations, in lieu of the official development assistance (ODA) currently in use. The funds needed for the system will be secured by using trade insurances [boeki hoken]. Japan, host nation to next year's APEC meeting, the United States, and Canada will provide the funding. While cooperating with such countries as Indonesia, China, and the Philippines, the three countries will have detailed discussions on the formation of the system and submit a report to next year's APEC ministerial meeting.

The developing APEC member nations have improved their industrial foundations, including power stations and harbor facilities, by using Japan's ODA. However, the reality is that their repayment burden became heavy due to the yen's appreciation. A MITI official said: "Some countries are saying that they no longer want the yen-based loans."

In an attempt to reduce the amount of their debts, a growing number of developing countries are privatizing some projects, including construction of power generating stations, and asking private foreign companies to construct and maintain facilities as a package deal.

Because of this, private companies have begun to use the trade insurances to secure necessary funds.

#### MITI To Announce Rules To Limit Textile Imports

OW2211011494 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 19 Nov 94 Morning Edition p 3

[FBIS Translated Text] Next week, the Ministry of International Trade and Industry [MITI] will announce domestic rules to restrict imports of textile goods. The rules do not contain any specific numerical criteria under which imports of textile goods are automatically restricted if and when they increase by a certain percentage during a certain period. The Consumer Goods Industries Bureau of MITI said: "The rules are a mechanism to survey the conflict of interests involving domestic and foreign textile industries without haste." A major supermarket said that although MITI has formulated the rules, "many take the view that whether the rules are actually put into effect or not still remains to be seen." It can be said that Japan, which renounced such an internationally-recognized right in the past, has now created a system to exercise the right. Japan has upheld free trade, with the exception of farm products, and some regard the rules as a first step toward protectionism against the export offensive from Asian nations in the textile field.

Import restrictions on textile goods are a right recognized by the accord of the Multi-Fiber Arrangement (MFA) and the New Textile Accord of the World Trade Organization (WTO), which is expected to inherit the MFA's mandate beginning January 1995 and take charge of fulfilling it for 10 years. Japan, which has thus far upheld free trade, has yet to work out its own domestic rules for import restrictions on textile goods. In 1987, Japan's balance of trade in textile goods posted its first deficit since the end of World War II because of a drastic rise in imports of textile goods from Asian nations. The domestic textile industry has strongly demanded the creation of a system to restrict imports of textile goods from Asian nations, and in response, in the spring of 1994 MITI decided to formulate the rules.

The rules are a kind of administrative procedure that takes the form of a MITI notice and are more detailed than a provision of the Import and Trade Management Ordinance. The rules stipulate: 1) Domestic textile manufacturers can ask MITI to survey damage they suffer from sharply increased imports of textile goods; 2) MITI should survey and identify which nations and which textile goods inflict the damage; and 3) the Export-Import Transaction Council (an advisory body to MITI minister) will compile a report on the damage, taking into account the opinions of domestic textile manufacturers who suffer, and will submit it to MITI for final decision.

If Japan fails to reach an agreement in negotiations with trade partners that are blamed for causing the damage,

MITI will unilaterally restrict imports of textile goods from those nations, by reviewing the import quotas to trading firms. If the trading partners agree to cut back on their exports of textile goods to Japan, it will not impose import restrictions. As a result, the rules are a mechanism to protect the domestic textile industry.

Each European nation has set a certain numerical criteria by item and if imports of textile goods exceed the criteria, import restrictions are immediately imposed. In fact, European nations have imposed them several times.

### **Hashimoto Defends Import Curbs**

*OW2211021294 Tokyo KYODO in English 0204 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Tuesday [22 November] defended a step to curb textile imports to protect domestic makers.

The restriction is an internationally accepted measure and it is not only for restricting textile imports, Hashimoto told a news conference after a cabinet meeting.

The Ministry of International Trade and Industry (MITI) said Monday it has mapped out criteria to impose urgent restrictions on imports of textiles because of a sharp increase in low-priced textile imports from developing Asian countries.

The new rule clarifies a domestic procedure for using the "safeguard system," which had been ambiguous previously, Hashimoto said. Hashimoto was countering argument that the textile import curbs go against Japan's declared commitment to free trade.

The textile import curbs are designed to give the domestic textile industry time to carry out structural reforms in the face of rapidly increasing imports from China and other developing countries, according to MITI.

The ministry says the criteria are based on the Multilateral Fiber Arrangement, although it says new rules under the upcoming establishment of the World Trade Organization will also allow the right to impose urgent restrictions on textile imports.

Major supermarket chain operators are opposed to the import restrictions because they are developing cheaper apparel products in cooperation with companies in other Asian countries.

### **Estimates on Price Gap Elimination Effects Issued**

*OW1811024194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Nov 94 Morning Edition P 5*

[FBIS Translated Text] On 15 November, Keidanren issued an estimate that if deregulation is carried out to the extent of eliminating the domestic-overseas price gap in all areas, there will be an increase of 740,000 jobs in

the six years from FY 1995 to FY 2000, and a real increase of 177 trillion yen in Gross Domestic Product (GDP). Based on this, Keidanren plans to push the government to promote deregulation.

Keidanren defined deregulation as "the abolition of regulations to the extent of totally eliminating the domestic-overseas price gap." It made estimates on the negative effects of deregulation—such as the loss of jobs and decrease in income arising from fierce competition, as a result of deregulation—and the positive effects—the creation of new jobs and increase in real income as a result of the elimination of the domestic-overseas price gap.

Regarding the negative effects, 2.84 million workers will lose their jobs between FY 1995 to FY 2000, while real GDP will decline by 10 trillion yen. On the other hand, in terms of positive effects, if consumer prices fall by 20 percent as a result of eliminating the domestic-overseas price gap, real GDP will grow by 187 trillion yen, and 3.58 million new jobs will be created.

### **Associations Urge Deregulation on Various Items**

*OW1911004194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Nov 94 Morning Edition p 12*

[FBIS Translated Text] On 14 November, the Japan Information Service Industry Association (JISA with Chairman Yusei Takahara), which consists of software development companies, submitted a list of requests on deregulation on the computerization of information to the Management and Coordination Agency [MCA]. JISA has urged a review of business practices and regulations. The following are the main requests: Approving the computerization of vouchers not permitted at present; easing the regulation that requires face-to-face explanation and business dealings in providing such services to consumers as medical examinations, education, and real-estate dealings; and administrative information disclosure through computer systems.

The Japan Chemical Industry Association [JCIA] (with Chairman Haruo Sawamura) has also formulated a report urging promotion of deregulation, and submitted it to the MCA. Requests were made on 238 items in total. JCIA has mainly urged deregulation aimed at lowering prices for domestic services, such as electric fees and transportation and storage charges, which are expensive compared to foreign nations.

### **Regional Banks To Study Access to ATM Network**

*952A0131A Tokyo KINYU ZAISEI JIJO in Japanese 31 Oct 94 p 6*

[Unattributed article in "Catch Up" column]

[FBIS Translated Text] At its regularly scheduled meeting held on 19 October, the Regional Banks Association of Japan decided to initiate a formal study of the

issue of allowing trust banks and Citibank on-line access to regional bank ATM network.

Ever since the first proposal was filed in March 1989, trust banks have asked for the acceleration of studies on access to ACS (automatic cash service), which is the regional bank ATM network in connection with each change in the bank heading up the Trust Companies Association of Japan. And, after the beginning of this year, the respective trust banks and Citibank shared in an effort to visit regional banks and, according to sources at the Regional Banks Association of Japan, "Lobbied for acceptance of the proposal with an intensity that exceeded all previous efforts."

In response, regional banks until recently assumed the stance that, "Since mode of operation and branch expansion methods differ and transactions with individual clients will have a major effect, we will hold off on a final decision for the time being." However, in recent days, the situation in which trust banks have taken an aggressive approach and relations with trust banks have increased in affinity because of the implementation of financial system reforms, has prompted the regional banks to initiate a review of the access proposals.

On the other hand, since September 1993, Citibank made a proposal for access, visited principal regional banks this summer, and requested an acceleration of a review of access proposals in an aggressive move similar to that of the trust banks.

Moreover, as far as Citibank is concerned, there is the observation the access issue just might be put on the table during the Japan-U.S. framework talks as an example of Japan's closed financial markets, and, according to a Regional Banks Association of Japan source, "Consideration was given to avoiding Japan-U.S. financial friction" in making the recent decision to proceed with a review of the access proposals.

Further, in connection with the pending issue, the regional banking industry was divided on the question of whether trust banks or Citibank would be given priority treatment, but as a source at a leading regional bank states, "There is no reason to assign priority to either group in view of the magnitude of the overall issue," and it appears a decision was made to consider both parties equally in proceeding with the review.

According to Citibank sources, "When compared to the times when the matter was not even up for review, we have made some progress," making the situation of access to regional banks by trust banks and Citibank somewhat favorable, but sources at regional banks agree that, "We have merely made a decision to proceed with the review."

A CD [cash dispenser] Network Service Special Committee and a CD Network Service Subcommittee will be formed at the Regional Banks Association of Japan to conduct the review, but it plans to "Consider the issue in terms of basics, such as the merits of access, conditions to

be presented in the negotiations, and demands to be presented to the other side in connection with interbanking industry issues." Additionally, the association has made no decision on when the review will reach a conclusion point.

In reality, within the regional banking industry, there is strong resistance to the idea of on-line network access with other banking industries. "Even if we were to approve the access proposal, there will be no advantage for regional banks," is a comment made by a source at a medium-sized regional bank and reflects the prevailing view. There's even the pessimistic view that, "In terms of the idea of making deposits our principal product, we spent as much as four years on a study regarding tying up with the Bank Cash Service (BANCS) of our "friends" at city banks. In consideration of that fact, the upcoming review will probably take just as long or even longer."

The trust banks and Citibank feel, "We have no choice but to hope and monitor the situation," but there is no mistaking the fact that the situation "is unpredictable."

#### Economic Expansion Forecast Into Next Decade

952A0021A Tokyo EKONOMISUTO in Japanese 4 Oct  
94 pp 44-49

[Article by Shoji Tahara, Nanzan University professor]

[FBIS Translated Excerpt] Assuming the existence of three kinds of long-to-medium cycles, the author argues that there will be a capital investment-led high business cycle from 1997 and the world economy will regain its vigor in the 21st century.

#### Economic Recovery Without Investments

The Economic Planning Agency [EPA] economic recovery statement on 9 September has temporarily put debate about the economy to rest. The final word still awaits an end to the yen's appreciation and declining investments in plants and equipment as well as improvements in the employment picture.

Without more favorable indications on these fronts, cautious observers think it is possible the economy will remain in its present trough and may even sink deeper. During the early stages of economic recovery, it is not unusual to hear economists engage in semantic debates about whether the economy has "bottomed out," "reached bottom," or regained "firm footing."

Though the signs are still weak, a straightforward reading of recent statistical data, however, would indicate the economy has entered the recovery stage.

We all still remember the futile discussions that were carried on in the autumn of 1991 over whether the economy should be measured in terms of levels or seen in terms of trends. Those debates ended up being one of the factors that prolonged the recession. That trend proponents were right has since been borne out by the facts.

The accepted view today is that cyclical factors (stock adjustments) and structural factors (the collapse of the bubble economy) combined to cause the recent recession. Views will be divided as to which of the two should be emphasized. Those emphasizing cyclical factors end up optimistically believing that once this round of stock adjustments is completed a recovery will naturally follow. Those emphasizing the latter end up with the pessimistic view that the aftereffects of the bubble's collapse will be felt for awhile yet. According to them, it will take time for a real recovery to take place.

There have often been debates as to whether something is cyclical or structural. Structuralists are bullish around peaks. Cyclical proponents become bullish around troughs.

Actually, cyclical and structural factors are essentially just two sides of the same coin. The postwar cyclical pattern that has emerged is for structural factors to reveal themselves when the economy is contracting and for these problems to improve in the course of its expansion. In this sense, the recent recession was really a matter of stock adjustments; its emblem was the bubble's collapse.

#### *First Major Recession in 60 Years*

That the recent recession was one of the severest in Japan's postwar history is reflected in the detailed analysis given in this year's economic white paper. A number of economic indicators also point to record lows. The following table utilizes EPA's diffusion index (composite index, or CI), a representative macroeconomic indicator, to compare the severity of past recessions.

**Scale of Past Recessions as Indicated by Composite Index of Economic Indicators**

Recession Name	Period of Decline (months)	Rate of Decline (percent)
Post-Jinmu Boom Recession	13 (12)	-7.5 (-6.9)
Post-Iwato Boom Recession	10 (10)	-2.2 (-2.6)
Post-Olympic Boom Recession	8 (12)	-2.6 (-3.9)
Post-Izanagi Boom Recession	16 (17)	-4.1 (-3.1)
First Oil Shock Recession	16 (16)	-25.7 (-19.3)
Mini Recession (downsizing)	6 (9)	-3.0 (-6.0)
Second Oil Shock Recession	36 (36)	-10.1 (-3.4)
High-Yen Recession	15 (17)	-4.9 (-4.1)
Post-Bubble Recession	36 (?)	-26.9 (-9.0)

Note: Figures in parentheses ( ) in column 2 indicate the length of the recession; figures in parentheses in column 3 are annualized rates. Compiled from EPA's *Diffusion Index* (based on coincident indicator of composite index).

According to the data, the rate of decline during the latest recession, 26.9 percent, exceeded even the record 25.7 percent decline posted after the first oil crisis. In other words, business activity fell by over one-quarter. We can easily understand how serious the post-bubble recession was if we remember that most earlier recessions were limited to declines of no more than several percentage points. Again, the annual rate of decline this time was 9.0 percent; in other words, business activity fell more than twice as fast on an annual basis than it did during the high-yen recession. That people were more conscious of this recession than the one following the first oil crisis, though the latter registered a sharper rate of decline (19.3), is due to the fact that the recent recession lasted twice as long.

There is still no official word on the trough. Most economists generally believe it was reached sometime between last autumn and this spring. Among them, there are some who hold that the economy bottomed out as early as last October. Looking back over the past year, we see that production and sales increased sharply in March and September as companies entered their yearend and midyear accounting periods. In April and October, however, a reaction set in and production and sales declined. Correcting for these statistical irregularities, we can determine that the turning point (trough) for the economy was sometime between January and March of this year. Although April 1991 has been identified as the peak, there is a six-month gap between this date and the date used as a reference point in the composite index, which shows the peak and trough as occurring in October 1990 and October 1993, respectively. This gap can be explained by taking into account the different methodologies employed.

In any case, it is clear that the recent recession lasted over 30 months. This was somewhat shorter than the second oil crisis recession, which lasted a record 36 months—not, however, without a break. After peaking in February 1980, the economy went into a recession lasting a little over a year and then shifted into the recovery mode during the latter half of 1981 for about six months. Then, from early 1982, as exports to the United States fell due to a downturn in the U.S. economy, the situation in Japan, too, once again reversed course. In other words, the second oil crisis recession is made up of two recessions, which were joined by a short economic recovery.

In analyzing the Izanagi and Heisei booms, both lasting over 50 months, Professor Sandaihei Shinohara points out that these two periods of prosperity were unusually long in the history of business cycles and holds that both were the result of two smaller cycles coupling, or docking (EKONOMISUTO, 23 August 1994). This docking theory also applies to the second oil crisis recession. This leaves the post-bubble recession the single longest, severest recession since the Showa Panic (31 months long) 60 years ago. There is a saying, "The higher the mountain, the deeper the valley." Bolstered by the

bubble economy and then undercut by its collapse, the Heisei boom was the first instance in Japan's postwar history to give proof to this adage.

#### Lagging Adjustments in Corporate Investment

Stock adjustments, the leading cause of the recent recession, have been proceeding at a slow but steady pace. In past recessions, when it came to stock adjustments the spotlight usually fell on the corporate sector. There was a strong tendency to overlook the role of individual consumer and household spending in supporting the economy. But, in fact, from the 1970's, there was a growth in the size of individual household assets as well as their distribution within the population. These then came to exert an influence on the economy, approaching the pattern in the United States, where it has been common knowledge that business cycles are influenced by fluctuations in the demand for durable consumer goods. In recent stock adjustments, it has been the household sector, rather than the business sector, that has taken the lead this time.

Housing investments, for example, entered the adjustment phase in the summer of 1990. This was followed by family car purchases in the autumn of 1990 and household appliances from the beginning of 1991. Since the economy peaked in April 1991, we can say the household sector was acting in advance of the coming recession.

The business sector lagged behind with adjustments in inventory and plant and equipment investments starting in the autumn of 1991 and in hiring and employment in the summer of 1992. It is too soon to say whether this lag was unique to this round of adjustments. The following, however, might serve as a possible explanation.

A phenomenon known as the wealth effect occurred in the household and business (and government) sectors and, fueled by myths about the rising economy, invited excesses in spending, investment, and hiring. Household economies were then dealt a direct blow when, coupled with a downward shift in the durable goods cycle, the reverse effect set in as stock prices started to plunge in early 1990. The business sector, on the other hand, still bewitched by the longest boom in recent history, kept plowing ahead even after the economy began to lose its footing. This cognitive lag delayed stock adjustments and became one of the factors in prolonging the recession.

The first to complete the adjustment phase, housing investments then started to turn around in the spring of 1992 just as the recession was picking up speed. This turnaround is said to have been triggered by the revised Productive Green Area Act, but with the high rate of filled vacancies in recent years, interest rates and housing investment have been very closely linked, and the main reason for this turnaround was the substantially lower interest rates available at the time. It is unlikely that there will be a change in the near future in the kind of pattern we see in the United States where recessions

lead to easy money and lower interest rates which, in turn, lead to a recovery in housing investments. In general, since this spring, home appliances and electronics have also been on the recovery track. Although income tax cuts and this summer's heat wave helped, the recovery was basically due to a three-year long stock adjustment and the fact that the business cycle has now shifted into the expansion phase. Investments in passenger cars also have made a comeback since midyear, and new purchases among car owners is expected to increase just as they did in the case of home appliances.

Thus, stock adjustments in the household sector seem to be winding down and nearly completed. Adjustments in the business enterprise sector, however, got off to a fairly late start. Although inventory adjustments were completed this spring, capital investments are still falling. Looking at private investments in plants and equipment relative to the real GDP, we see that the first oil crisis recession gave rise to a record nine quarter decline in investments. That record is now being broken. Since most earlier recessions lasted only about a year, we can see how serious the aftereffects from over-investing were this time. Characteristically, capital investments may move slightly behind the economy but not perfectly in step with it. An exception was the first oil crisis recession. At the time, investments fell four quarters behind. The same is true for investments this time. For the most part, they are expected to continue falling this year and then recover after the beginning of the new year. Adjustments in hiring and employment are even further behind. Conditions on the labor market are expected to remain severe until next spring.

#### Boom or Maturity?

The average real economic growth rate for fiscal 1994 will be about one percent, according to the revised projections of a private survey institute released around July of this year. This is an extremely low figure for the first year of economic recovery. For when the economy entered a stable period of growth following the oil crises, it was common to see a 5-percent growth rate during prosperous times and a 3-percent growth rate during more depressed times. What seems to account for the low growth rate this time is the drop for the third straight year in plant and equipment investments as well as stagnating investments in housing and public works projects. Thus, nongovernment forecasts see a common need for private consumption to play a leading role in economic recovery.

This scenario has been criticized by those who doubt that a consumer-led recovery is possible. But such recoveries have occurred. In 1952, just after pulling out of the post-Korean war recession, we saw a recovery in private consumption that gave rise the following year to investments in plants and equipment, leading to what was then called a consumer investment boom. As mentioned earlier, we also saw capital investments reverse course in the second year of recovery following the first oil crisis.

Theoretically, the accelerator principle also says that consumer expansion leads to increased capital investment and, according to a recent corporate survey, private consumption was ranked first as a condition for a recovery in capital investment. The problem, however, is that consumption, like an airplane with one engine out, may be too weak to pull the economy along. With a fairly long lag time before investments are back in stride, the economy can only be expected to make its way slowly toward recovery in 1994, resting once for each stride it takes forward.

Most economists are more or less in agreement on the immediate economic outlook, but opinions are fairly divided about the prospects for Japan's economy from 1995 on. Roughly, the latest mid-range projections are of two sorts. On the one hand, there are those who argue that a period of prosperity is coming. Their argument is based on the idea that restructuring will create new products and new markets, that deregulation will inject new vitality into the economy, that measures will be taken to respond to the high yen, that Asia's markets will expand, and that government will adopt a domestic demand-led growth policy. The second camp argues for the arrival of a mature economy, pointing to the lack of progress in technological innovations, the lack of leading industries, the prolonged period of asset deflation, the rapid appreciation of the yen and the shift toward stability-oriented management.

Among the former, we see an undercurrent of hope that the long recession will be followed by an extended boom. Proponents of the second idea believe the economy has been structurally weakened by the bubble's collapse. We will not be able to say which of these two sides is right for another several years. According to an old adage, pessimism is a state of mind while optimism is a matter of will. Those who believe in the coming of an age of prosperity are putting their faith in the phoenix-like myth that the economy moves along an ascending curve. Those who adhere to the idea of the coming of a mature economy have something in common with those who propounded the idea, popular in the 1930's during the Great Depression, of the coming of an extended period of stagnation.

Thinking in terms of such trends is inappropriate when considering Japan's economy. Since the end of World War II, the economy has ridden out more than 10 business cycles. We have also learned that recessions come regularly every several years following both high- and low-growth periods and that we must expect limits even to periods of prosperity. If we are to learn from the lessons of the past, our medium- and long-range economic outlook must include the idea of business cycles. But first, let's review some facts.

#### **Three Types of Medium-to-Long Range Cycles**

First, while recessions prior to and during the 1970's were relatively short-lived, lasting less than a year, they

have since grown longer. Second, such long-term recessions (lasting up to three years) made their appearance in the 1980's in the form of the second oil crisis recession and again in the 1990's in the form of the post-bubble recession. Third, the inflation rate rose until the 1970's and then, from the 1980's, a strong deflationary trend appeared. For example, this can be seen in the case of wholesale prices, which went through a disinflationary period and are now in a deflationary period. Fourth, if we look at the real economic growth rate for the past five decades, we see that the average annual growth rate was 8.5 percent during the 1950's, 10.0 percent in the 1960's, 4.5 percent in the 1970's, and 4.2 percent in the 1980's. Continuing this downward trend, the estimated growth rate in the 1990's is 2 percent. The fifth point is that the growth rate was low for the first half of each decade and higher during the second half. This alternating decelerating-accelerating growth rate phenomenon is repeated consistently throughout the postwar years.

Attempts have been made to explain these phenomena individually, but we find almost no attempt to explain all of them in a comprehensive, unified manner. Prof. Shinohara has been the first to carry out an analysis of the bubble recession based on the theory of mixed cycles. According to his analysis, the recent recession came about when the contraction phase of different long and medium trade cycles overlapped. The origins of this idea can be traced to Joseph Schumpeter and his theory of multiple cycles. [passage omitted]

Long wave [cycles] [choki hado], which last about 50 years, are said to be the principle moving the development of capitalist economies. We are presently said to be in the contraction phase of the fifth cycle after the Industrial Revolution, which took place in the second half of the 18th century. During this period, along with other worldwide recessions, we saw the first oil crisis recession (1973-1974), the second oil crisis recession (1980-1983), the recession caused by adjustments to the high yen (1985-1986), and the globally linked recession of 1990-1993. The current contraction phase is expected to last until the end of the century. Of the five points enumerated earlier, the origins of the first four are all intimately connected to this long wave cycle.

Long cycles [choki junkan], also called growth rate cycles and building cycles, have a life of about 20 years. The current cycle is in a contraction phase which peaked in 1990. According to [Simon] Kuznets, who identified the long cycle, economic growth rate accelerates during periods of expansion and loses speed during contraction periods. Recent examples are the high-tech boom (1983-1985) and the Heisei boom (1987-1990). The growth rate climbed rapidly due to these two booms but then plunged along with the bubble's collapse. Medium cycles [chuki junkan], which are repeated every decade or so, are seen most clearly in private investment ratios. We are presently in the contraction phase of the fifth postwar cycle, where stock adjustments—particularly in the form of investments in plants and equipment—have given rise

to a protracted recession. Our fifth point can almost entirely be explained in terms of the medium cycle.

We can draw the following scenario on the basis of these three types of cycles. Since the pattern emerging in 1994 has already been mentioned in relation to stock adjustments, we will focus instead on the pattern from 1995 on. Coming after a weak recovery the year before, 1995 will see economic expansion rapidly gaining speed, the main reason being a recovery in capital investment after a four-year lull. This will translate into a real economic growth rate on the level of 3 percent, up from 1 percent the year before. The question is whether the economy can continue to maintain this rate from 1996 on. The key is in capital investment.

#### **Renewed Vigor in the 21st Century**

If we go back and review the medium cycle for capital investments, we will see that within the typical cycle the investment ratio ranges from a high of about 20 percent to a low of 14-15 percent. This also seems to be the pattern this time, with the investment ratio peaking at 19.9 percent in 1990 to fall to just below 15 percent in 1994. If investments turn around, having now reached bottom, for the next several years we will be entering an expansion phase and can thus expect a long period of growth led by capital investments. The present economic situation, however, appears to be very similar to the time the economy pulled out of the first oil crisis recession. During the course of this recession, firms proceeded to downsize their operations, cutting back on things, money, and personnel. The effects of this downsizing continued to be felt even after the economy started to recover in the spring of 1975, and the recovery period, in fact, lasted only 22 months. Then, from the start of 1977, another short-term "mini" recession followed, and the capital investment ratio continued to drop for seven years straight.

What about this time? Downsizing, or so-called restructuring, is continuing to move forward, while the development of new enterprises remains at the "groping and search" stage. Though 1995 will see a recovery in capital investment, it will still be weak. However, from our experiences in 1975-1977, we can expect the investment ratio to decline until around 1996 and then enter an expansion phase—in which case, we may see a slight recession around 1996, lasting for about a year. In the course of the recovery, deflationary pressures may continue because of the high yen and collapse of price levels; and thus, the strong, lingering effects of a quantitative boom may be felt for awhile.

Schumpeter once said, "Recession is the mother of invention." Capital investments will be the center of a large-scale boom sometime from 1997. What will make it possible is a shift toward restructuring in the form of expanding equilibrium. Again, during this period, we can expect a serious attempt to ease regulations, adding to the incentive to invest. As the 21st century begins, we will be entering the expansion phase of another long

wave cycle, and the world economy is certain to regain its vitality and vigor once again. At the same time, we can expect Japan's economy to substantially increase its potential for growth. At the beginning of this decade, it was popularly believed that there would a second coming of the Golden Age of the sixties. Those forecasts appear to have come 10 years too soon.

#### **North Korea**

##### **IAEA Negotiation Delegation Arrives 22 Nov**

*SK2211133694 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 22 Nov 94*

[FBIS Translated Text] In accordance with the DPRK-U.S. agreed framework, the negotiation delegation from the International Atomic Energy Agency [IAEA] arrived in Pyongyang by plane on 22 November to discuss working-level issues that are to be resolved between the DPRK and the IAEA.

##### **Organizations, Papers Support North-U.S. Accord**

*SK2211102394 Pyongyang KCNA in English 1014 GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—A symposium, meeting and lecture took place in Zambia and Mozambique and newspapers of different countries published articles supporting the framework agreement between the Democratic People's Republic of Korea and the United States.

Speakers including Dickson William Chokoma Matutu [spelling of name as received], vice-minister of education and chairman of the Zambia-Korea Friendship Association, said at a symposium held in Zambia on November 11 that Korea, a small country, owes her victory at the talks with the United States to the wise guidance of the dear leader his excellency Kim Chong-il with rare grit and leadership ability.

A meeting and lecture supporting the DPRK-U.S. framework agreement were held at the Maleice Agricultural Cooperative and at the police battalion in Maleice, Mozambique.

The Indian paper HINDU wrote that Pyongyang won a diplomatic victory and got from the United States promises to relax the trade restrictions, supply enormous energy and provide new nuclear reactors, instead of economic "sanctions" and U.S. military intervention. The paper said it is most important success of Pyongyang that it made the only superpower in the world recognize North Korea diplomatically.

The November issue of the Peruvian paper VIDA EMPRESARIAL [spelling of newspaper as received] said that the DPRK-U.S. framework agreement opened a prospect for a final solution to the nuclear issue on the Korean peninsula and for the normalisation of the DPRK-U.S. relations and that the result of the talks

proved the truth once again that the issue can not be solved by pressure or "sanctions" but be solved peacefully by dialogue.

The Lebanese paper AL-SHARQ said that the Democratic People's Republic of Korea won victory at the talks with the United States on the nuclear issue and that Korea shows that the might of a state is estimated by its capacity and strength to meet challenge, not by its territory or population.

#### **Association Urges Implementation**

*SK221101694 Pyongyang KCNA in English 1008  
GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Cho Yong-hwan, chairman of the Zhongnan Regional Association of the China-Resident Koreans' Headquarters of the National Alliance for the Country's Reunification, made public a statement recently supporting the framework agreement between the Democratic People's Republic of Korea and the United States.

Saying that such reckless acts as the use of Armed Forces can never go down with the Korean people who value the interest and dignity of the nation, holding the dear leader Comrade Kim Chong-il in high esteem as the supreme commander, he stressed that the U.S. Government should faithfully implement the DPRK-U.S. agreed framework as Clinton assured.

He said that the South Korean authorities must no longer slander the northern half of the country and try to stifle it but refrain from creating obstacles to the implementation of the framework agreement.

#### **Russian Paper Cited on Agreement**

*SK2111151494 Pyongyang KCNA in English 1509  
GMT 21 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 21 (KCNA)—The Russian paper PRAVDA on November 16 carried an article by B. Zanegin, doctor of history, as regards the adoption of the agreed framework between the Democratic People's Republic of Korea and the United States of America.

The DPRK and the USA signed the agreed framework on the solution to the nuclear issue, which was backed by Bill Clinton's letter to his excellency Kim Chong-il, the supreme leader of the Democratic People's Republic of Korea, giving the president's assurances of the seriousness of Washington in its intention to take part in the cooperation in remodeling the nuclear energy industry of North Korea, the author noted.

Describing it as one of the great events in the present international affairs, he wrote:

The framework will, no doubt, have influence on the development of the situation in Northeast Asia and be reflected in the world's politics.

It is foreseen that a liaison office will soon be opened in each other's capital and barriers to trade, investment and telecommunications be reduced and embassies be exchanged in the future.

The success of North Korea's diplomacy can be found in the fact that the effectiveness of the steadfast line of independence based on justice and impartiality, which was put forward by President Kim Il-song and has been consistently pursued by Comrade Kim Chong-il, the successor to his cause, has been irrefutably proved now.

Pyongyang compelled the United States to recognize the DPRK as a geopolitical entity, thus consolidating the position of the DPRK in the political arena of the peninsula and the world.

At the same time, Pyongyang's commitment to the essential guarantee of the "transparency" of its nuclear program leaves no room for doubt as to the falsity of the allegation that the DPRK was manufacturing nuclear weapons in secrecy.

The Korean peninsula holds the central position in Northeast Asia, the paper said, stressing: There is no ground to doubt that the Korean people will establish a unified state of Korea on the peninsula in the not distant future.

#### **16-17 Nov U.S.-ROK Military Activity Reported**

*SK1911042894 Pyongyang KCNA in English 0413  
GMT 19 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—The U.S. war-thirsty elements and the South Korean puppets on November 17 let fly scores of overseas-based assault planes, pursuit-assault planes and VTOL [vertical takeoff and landing] assault planes and 330 war planes of different types belonging to the U.S. Air Force present in South Korea and the puppet airforce in a provocative air war exercise against the North with the sky above Oeyon Islet and Wonju area as the operational theatre, according to military sources.

Earlier, on November 16, a "U-2" high-altitude strategic reconnaissance plane and 12 tactical reconnaissance planes on different missions stationed in South Korea flew above the Military Demarcation Line area in an intensive aerial espionage on the northern half of Korea.

In another development, on November 16 and 17, bandits of the puppet army deployed for a combatant action in the forefront area from its western to eastern section fired some 730 shells and fired about 1,380 bullets of large-calibre machine guns and automatic rifles at random, in their war hysterics.

#### **Obstruction of 'New Peace Arrangement' Denounced**

*SK2211050194 Pyongyang KCNA in English 0450  
GMT 22 Nov 94*

[("Other's Interference is Not Necessary"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Sinister intentions to hamper the replacement of the Armistice Agreement with a peace agreement and the establishment of a new peace arrangement in place of the existing armistice machine should be checked.

NODONG SINMUN today says this, commenting on the fact that the South Korean puppets and other forces are trying to obstruct the implementation of the proposal put forward by the Democratic People's Republic of Korea for the establishment of a new peace arrangement in the Korean peninsula, crying for "multilateral talks."

The analyst says:

As long as the old armistice system remains unchanged, on the Korean peninsula, the danger of war will never disappear. Accordingly, the relations of distrust between the DPRK and the United States will never be removed. What we demand is to establish a peace arrangement based on mutual trust. It is evident that if our demand was met, an epoch-making phase will be opened in liquidating the legacies left over by the Cold War, dispelling the distrust between the DPRK and the U.S., achieving reconciliation and normalizing the bilateral relations.

To establish a new peace arrangement in the Korean peninsula is a matter to be resolved by the DPRK and the U.S.

It is the DPRK and the U.S. that signed the Armistice Agreement.

The South Korean puppets who are none other than colonial marionettes without any power have no justification to poke their nose into the conclusion of a peace agreement. In actuality, they are not in a position to do so. Nevertheless, they intend to stick their head in the establishment of a peace arrangement, not for peace but for hampering the establishment of the peace arrangement and obstructing the normalization of relations between the DPRK and the U.S.

Some forces are now crying for "multilateral talks", motivated by an ulterior purpose to catch fish in troubled waters by interfering in the Korean affairs. The interference of those nations which have nothing to do with the Korean affairs will make the establishment of a new peace arrangement complicated.

#### Daily Reacts to ROK's 'Hwarang' Exercises

SK1911043794 Pyongyang KCNA in English 0429  
GMT 19 Nov 94

["True Color of Warmanics Brought to Light"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—NODONG SINMUN today comments on the announcement of the South Korean puppet defence

ministry that a war game against the North codenamed "Hwarang" will be staged in South Korea from November 22.

This plan of the South Korean puppets shows that they are trying to key up the tension at any cost and seek confrontation and war, not wanting the development of the situation on the Korean peninsula to detente, peace and reunification with the smooth implementation of the DPRK-U.S. framework agreement, the analyst notes, and continues:

The "Hwarang" exercise reportedly designed to "increase the capacity of a real war" irrefutably proves that the "proposal for cooperation" which the traitor Kim Yong-sam brought forward some time ago, pretending to be interested in the improvement of the north-south relations is a fake.

The Kim Yong-sam group, driven into a crisis of destruction by its internal and external isolation and repeated policy setbacks, is going on a rampage to find a way out in the provocation of a war against the north, while covering up its treacherous nature by misleading public opinion. The traitor Kim Yong-sam confirmed that he was seeking a war, not reconciliation with the North and reunification, by trying to maintain at whatever cost the "national security law" defining the fellow countrymen in the North as the "enemy" and openly blaring that "unification under the liberal democratic system" is his "aim" and "dream".

With such heinous traitor and warmaniac as Kim Yong-sam left alone, national reconciliation and unity cannot be achieved nor can the peace of the country and its peaceful reunification be realized.

#### Opposition Leader Urges Kim Yong-sam To Resign

SK1911041594 Pyongyang KCNA in English 0410  
GMT 19 Nov 94

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—Kim Tong-kil, chairman of the opposition New Democratic Party of South Korea, issued a statement November 16 urging Kim Yong-sam to take measures against the prosecution's decision to suspend indictment against those involved in the "December 12 incident," which he said is a serious abuse of prosecuting authority, a Seoul-based radio reported.

He said if Kim Yong-sam failed to take measures for a trial of those involved in the revolt, he must step down.

#### 'Civilian' Rule of Kim Yong-sam Denounced

SK2211100994 Pyongyang KCNA in English 1005  
GMT 22 Nov 94

["Military Dictatorial Regime Different Only in Name"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—The Kim Yong-sam regime under the "civilian" veil is the military dictatorial regime in actuality and the most anti-national, traitorous regime which casts the successive regimes into the shade, declares NODONG SINMUN in a by-lined article today.

The news analyst says:

What Kim Yong-sam has done after seizing power well proves that he is a fascist tyrant who overshadows the military dictators, though he is wearing the "civilian" veil.

He has maintained and strengthened, above anything else, evil laws and repressive tools which existed in the period of the military dictatorship. It is true that the anti-national, anti-reunification "National Security Law", "Agency for National Security Planning" and "Secret Affairs Command" are still existing for the suppression of the patriotic forces.

The traitor Kim Yong-sam, even after making a promise "to give priority to the nation", has frozen the North-South relations on the pretext of "nuclear suspicion" and persistently cried for "sanctions" and "tough counteraction" in an attempt to slay the fellow countrymen in the North with the help of outside forces.

The Kim Yong-sam group is much worse than the preceding military dictators in the heinous and foul treacherous acts.

The group brought the situation of the country to the brink of war by resuming the "Team Spirit" joint military exercises as soon as they took office, and later, sharply increased military expenditure, beefed up Armed Forces and staged war games against the North almost every day.

They have cracked down upon the people's movement for independence, democracy and reunification and their struggle for their existence more brutally than in the period of the military dictatorship.

They are, in fact, a group of the traitors overshadowing the successive milita?ictors and countless are the crimes they committed against the South Korean people and the nation.

It is inevitable that the most anti-national Kim Yong-sam "government", which is, in actuality, a military dictatorial regime different on in its name, will meet a miserable doom, denounced by the people.

### **Kim Yong-sam Group's 'Smear Campaign' Denounced**

SK2211045494 Pyongyang KCNA in English 0444  
GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—The Kim Yong-sam group is now launching a frantic anti-North smear campaign, alleging that an

underground organization called "Vanguard for National Salvation" was found in South Korea and linking it with the North. This comes under fire in Pyongyang-based papers today.

In June the South Korean puppets arrested An Chae-ku, former lecturer of Kyonghui University, who formed "the Vanguard for National Salvation" with the chuche idea as its basic idea and conducted patriotic activities for independence, democracy and reunification. They referred him to trial and demanded death sentence for him on a groundless charge of being a "spy" who was active on the "order" of the North.

This is another anti-North drama which cannot be overlooked, a NODONG SINMUN analyst says, and continues:

As was made clear by the statement of An Chae-ku in court, "The Vanguard of National Salvation" is an underground organization which was formed not by "the order" of the North, but spontaneously for the purpose of changing the South Korean society which is under the colonial subjugation of outside forces with democracy trampled down and achieving independence, democracy and reunification.

If those involved in the incident conducted activities for independence, democracy and reunification after forming an organization by themselves, unable to live in such a colonial fascist society as South Korea any longer, it is only too natural and it can never be criminalized.

It is an illegal, brigandish act that the Kim Yong-sam group brought to trial those involved in "the Vanguard for National Salvation", linking them with the North in a far-fetched way without any evidence.

The puppets, however, framed up a crime and demanded a death sentence for An Chae-ku with their high-handed practice. This is an outrage unprecedented in the history of trial, which can be committed only by truculent anti-communist fascists.

The Kim Yong-sam group attempts to nip detente and reconciliation in the bud on the Korean peninsula, save themselves from isolation at home and abroad and bridge over their ruling crisis by intentionally fostering North-South confrontation with the incoherent anti-North smear campaign.

A MINJU CHOSON analyst says:

The fascist repression and North-South confrontation based on plots are by no means a way out. The Kim Yong-sam group must look straight at the situation, stop the murderous trial for those involved in "the Vanguard for National Salvation", immediately release illegally arrested figures and promptly discontinue seeking the anti-North confrontation.

### **Kim Yong-sam's Cooperation Proposal Criticized**

SK221120194 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 22 Nov 94

[Dialogue between station reporters Chong Sun-tang and Yi In-chun: "A Tactic To Get Out of a Crisis"]

[FBIS Translated Text] [Chong Sun-tang] How are you?  
[Yi In-chun] Fine. How are you?

[Chong] On 7 November, the traitor Kim Yong-sam was invited to a dinner of businessmen, and delivered a so-called speech in which he mentioned the so-called measures for South-North economic cooperation.

[Yi] Yes, he did.

[Chong] Today, we are going to discuss this subject.

[Yi] The so-called measures for South-North economic cooperation presented by the puppet traitor Kim Yong-sam are a tactic to avoid the international isolation and crisis facing the puppets, and are nothing more than a camouflaged (?advertisement) aimed at hiding the black nature of the puppets who pursue national division and overall confrontation.

Since the out-and-out anti-North policy pursued by the Kim Yong-sam puppet clique can no longer work under the present situation in which the DPRK-U.S. agreed framework has been announced, the traitor Kim Yong-sam is talking about economic cooperation. This is quite ridiculous.

The puppet traitor Kim Yong-sam's presentation of the so-called measures for economic cooperation means the all-out ruin of the South Korean puppets' criminal anti-North confrontation policy.

[Chong] I think so. The so-called measures for South-North economic cooperation presented by the traitor Kim Yong-sam are not new. The North and South have already prepared an agreement on economic cooperation, as well as joint committees for [words indistinct]. What matters is that, disregarding this, the traitor Kim Yong-sam has (?aggravated) North-South relations and pursued national confrontation under the pretext of our nonexistent nuclear problem, has he not?

[Yi] Yes, he has. As is well known to everyone, the puppet traitor Kim Yong-sam resumed the 'Team Spirit' joint military exercise, a large-scale nuclear war exercise that he promised to suspend in the so-called [word indistinct], in collusion with outside forces. Availing himself of the outside forces' nuclear commotion, he completely and unilaterally froze the North-South dialogue and turned the North-South agreement into a mere scrap of paper. In addition, he completely rejected North-South economic cooperation and the normalization of North-South relations, raising a solution to the nuclear problem as a precondition, and invariably drove North-South relations into their worst situation by playing the role of a shock brigade for the [word indistinct] commotion aimed at plotting to harm fellow countrymen.

Furthermore, when all the people were grieving over the loss of the respected and beloved leader Comrade Kim Il-song, the great father of the nation, the puppet traitor Kim Yong-sam, far from expressing his condolences,

ordered the South Korean puppet army to be on the alert and committed a grave, unprecedented, unforgivable, antipeople, and antinational sin, aiming guns at fellow countrymen and arresting those South Koreans who expressed their condolences over the great leader's death.

[Chong] Yes, he did. The traitor Kim Yong-sam conducted the 'Eagle-94' joint military exercise, the alternate title of the 'Team Spirit' joint military exercise, and in succession called various military exercises. He is acting rashly and thoughtlessly, making bellicose remarks on strengthening a war-readiness posture, spurring the overall confrontation with us.

The traitor Kim Yong-sam, who mentioned so-called economic cooperation, continues to commit military provocations by bringing recoilless guns and armed puppet rascals into the DMZ. This plainly shows that, although the traitor Kim Yong-sam talks about the so-called measures, it is all fake.

Blowing the strong wind of pressure against the new security-oriented situation, Kim Yong-sam and the puppets are now brutally oppressing South Korean students and people from various classes and strata who struggle for independence, (?democracy), and reunification, doing so on charges of violating the fascist National Security Law.

As everyone knows, the major obstacle to improving North-South relations is South Korea's National Security Law that regards us as an antistate organization, and regards contact with us and visits to the North as a crime, does it not?

[Yi] Yes, it does.

[Chong] The history of North-South relations clearly shows how seriously the National Security Law has affected North-South reconciliation and the reunification of our country.

[Yi] It really does. Cooperation and confrontation cannot coexist. The puppet traitor Kim Yong-sam talks about cooperation while stirring up confrontation. This is nothing but idle talk. Today, our compatriots in the North, South, and overseas unanimously say the puppet traitor Kim Yong-sam is not worth dealing with by those who love the country and the people, and that they should not deal with him.

If the traitor Kim Yong-sam really wants to hold a dialogue with us and cooperate with us, he should properly apologize for his unprecedented and grave sin against the country and the people, as well as immediately abolish the fascist National Security Law that blocks contact, dialogue, and exchanges between the North and South.

For the puppet traitor Kim Yong-sam to utter about dialogue and cooperation without first taking these fundamental measures is nonsense, and no more than a

self-acknowledgement of its falsehood. The puppet traitor Kim Yong-sam should stop having the impudence to talk about economic cooperation, and had better step down from power without further delay. The futureless Kim Yong-sam puppet traitors group will see no alternate way out.

[Chong] Absolutely not.

### More Groups Urge Repatriation of Prisoners

*SK2211102494 Pyongyang KCNA in English 1017  
GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Mongolian and Nicaraguan organisations sent letters to international organisations demanding the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, to the North.

The Mongolia-Korea Friendship Association in its letter sent to the International Committee of the Red Cross on November 14 said the sending of the three old men, who were taken prisoners during the Korean War, back to the Democratic People's Republic of Korea where their families and relatives are waiting for them is a righteous act in view of the international law and humanitarianism and that they will join world people demanding their repatriation.

The Nicaraguan Juan Manuel Mena Chorus Troupe in a letter to the Amnesty International on November 11 said it is the most unpardonable violation of human rights that the South Korean authorities are blocking their repatriation.

The letter urged the amnesty international to actively cooperate for their repatriation.

### Students on Unconverted Prisoners

*SK1911042794 Pyongyang KCNA in English 0417  
GMT 19 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—A meeting of Pyongyang students was held to urge the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, to the northern half of Korea.

The speakers at the meeting held that old Kim In-so, Han Se-hwan and Kim Yong-tae, as prisoners of war arrested while active in the people's army and guerrilla units during the fatherland liberation war, should have been repatriated right after the ceasefire in accordance with the Korean armistice agreement and provisions of international law.

They said that, just as the unconverted long-term prisoners regard the socialist motherland as their faith, so the motherland always remember the exploits of its admirable sons and that the party and the government of the DPRK took one step after another for their return

each time news came about each of them whose fate had been unknown for tens of years.

They denounced the Kim Yong-sam puppet clique for persistently blocking the repatriation of the unconverted long-term prisoners, ignoring the nation's demand and the aspiration of the time, the speakers expressed the belief that the unconverted long-term prisoners would wage a ceaseless struggle till their repatriation.

### Japanese Urged To Admit to 'Past War Crimes'

*SK2111151994 Pyongyang KCNA in English 1515  
GMT 21 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 21 (KCNA)—The Japanese Government must not try to equivocate about the past war crimes, the heinous crimes in human rights violation, but investigate and open to the public the whole truth behind the cases of forcible drafting including the drafting of "comfort women for the army" and make an adequate compensation as a token of its sincere apology.

Yi Song-ho, chairman of the DPRK Measure Committee for Demanding Compensation to "Comfort Women for the Army" and Victims to the Pacific War, made this demand in a statement today.

Noting that the Japanese Government is these days resorting to such tricky phraseology as "study of history" and "exchange" by "civilian fund", repeating the wrong argument that "it is its policy not to make governmental compensation to individuals because compensation among nations has been completed," Yi Song-ho said:

The socalled "humanitarian civilian fund" for the "comfort women for the army", which is being discussed within the Japanese Government, is not a compensation to be made as a token of acknowledgement of and apology for the war crimes, but a crafty invention of Japan to bury in oblivion with a few penny the heinous crimes in history she committed against humankind.

Japan's petty trick to gloss over her past crimes and bury them in the dark while refusing to admit and frankly repent of them, shows that she has not abandoned the sinister intention to repeat the atrocities beyond human imagination.

The issue of Japan's postwar settlement is not a matter which could be dealt with arbitrarily by a few people within her government but a matter which must be solved in compliance with the requirements of the world community, international law and the victims.

The Japanese Government must not take such crafty and insincere attitude toward the problem of atonement for the past crimes as now, but behave properly, squarely looking at the trend of the times, and only then can it win the confidence of the peoples of Asia and the rest of the world.

**Laotian President Receives Military Delegation**

SK1911045194 Pyongyang KCNA in English 0433  
GMT 19 Nov 94

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—Nouhak Phoumsavan, president of the Lao People's Democratic Republic, on November 17 received a military delegation of the Democratic People's Republic of Korea led by Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-chairman of the National Defence Commission of the DPRK and chief of the General Staff of the Korean People's Army.

President Nouhak Phoumsavan said that the death of Comrade Kim Il-song, the great leader of the Korean people, was not only a big loss for the Korean people but also a big loss for the Laotian people, the loss of the closest friend.

"The party, government and people of Laos remember the support and encouragement extended by the Workers' Party of Korea, the government of the DPRK and the fraternal Korean people to the Laotian people's struggle and express deep thanks for this," he said.

Stating that the party, government and people of Laos will invariably support and encourage the just cause of the Korean people for socialist construction and the reunification of the country, he stressed it is the invariable stand of the party and government of Laos to work to strengthen and develop the friendly and cooperative relations between the two countries, no matter how the international situation may change.

He said the Laotian people are convinced that the just cause of the Korean people which was led by the great leader Comrade Kim Il-song and is now wisely led by the dear leader Comrade Kim Chong-il will certainly be crowned with a final victory.

**SRV's Do Muoi Receives Choe Kwang, Delegation**

SK2211043794 Pyongyang KCNA in English 0424  
GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Do Muoi, general secretary of the Central Committee [C.C.] of the Communist Party of Vietnam [CPV], referred to the friendly relations between the two parties and two countries when he met on November 19 the Korean military delegation led by Choe Kwang, Politburo member of the Central Committee of the Workers' Party of Korea [WPK], vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea and chief of the General Staff of the Korean People's Army.

Saying that the friendly relations between the parties and nations of Vietnam and Korea were established many years ago by respected President Ho Chi Minh and the great President Kim Il-song, he stressed that the two

parties and two peoples have developed the relations in the common struggle for independence against imperialism.

The party, state, Army and people of Vietnam express deep thanks to the Workers' Party, Government, Army and people of Korea for their sincere support and encouragement to the past anti-U.S., national salvation struggle of the Vietnamese people, he said.

Expressing the hope that Korea will be reunified at an early date, he stressed that the reunification of Korea should be realised in a peaceful way through confederation formula based on one nation, one state, two systems and two governments.

He stated that the target of struggle of the two countries is same and they should be united each other.

Talks between the military delegation of the DPRK and the delegation of the Ministry of National Defence of Vietnam were held on November 18.

On the occasion General Doan Khue, Politburo member of the C.C., CPV and minister of national defence, hoped for further development of the friendship, solidarity and cooperative relations between the two countries, saying that the Vietnamese people wish the Korean people and Army great successes in the efforts for the socialist construction, national defence and the independent and peaceful reunification of Korea under the wise leadership of the WPK and Comrade Kim Chong-il, supreme commander.

**Vice Premier Chang-chol Meets Indian Delegation**

SK2211042894 Pyongyang KCNA in English 0418  
GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Vice-premier Chang-chol Monday met and had a friendly conversation with the delegation of the university grants commission of India led by N.C. Mathur [name as received], vice-chairman of the commission, at the Mansudae Assembly Hall.

Present on hand were Kim Tok-su, vice-president of the Chuche Idea Academy, and Adya Nand Jha, Indian Ambassador to Korea.

**\* Developing Nations Urged To Build New Order**

952C0014B Pyongyang MINJU CHOSON in Korean 2 Sep 94 p 6

[Article by Yi Chang-kyun: "To Establish a New International Economic Order Is the Demand of the Times"]

[FBIS Translated Text] Today the world is confronted with the difficult problems of poverty, unemployment, and social contradictions that are intensifying daily.

With the approach of the World Summit on Social Development scheduled for March next year, the UN Information Bureau recently published data concerning global poverty.

According to them, 550 million people are suffering from hunger and 1.5 billion people are left unable to have clean water safe for drinking. And of the world's 5.6 billion population, as many as 1.3 billion are living under the poverty line. Developing countries represent a large majority of those living under the poverty line. Many are dying because of poverty, or are left without education, in ignorance and illiteracy. The World Bank estimates that if the trend is left unabated, an additional 200 million people will join the under-the-poverty-line population in the developing countries in the near future.

Poverty is not a question confined to the poor strata or countries. It is causing—and aggravating—global problems such as the spread of diseases, environmental pollution, terrorism, and drug trafficking.

Responsible for the poverty that has become so grave a problem in so many countries, developing countries in particular, is the imperialists' plundering under the unfair, old, international economic order [IEO].

The old IEO has widened the disparity in wealth endlessly on a global scale. According to data, the disparity in income between the rich, accounting for 20% of the world population, and the poor, also accounting for 20% of the same, has widened from 30 to one in 1960 to 150 to one today.

Foreign debts of the developing countries are also on the increase incessantly. Of them all, African nations' cases are most serious, with the total debt being \$302 billion, which is three times that of 1980. Currently, the foreign debt of African nations is more than 100% of their gross national product on average, and more than 200% in some countries.

Their interest payment alone is equivalent to 32% of their annual exports. Many of the African nations are compelled to contract new debts to pay old debts; some are swept by starvation and hunger, but they cannot afford even to think of importing food.

Thus, among developing countries, demands for scrapping the unfair and predatory, old IEO and establishing a new IEO on the principles of sovereignty, equality, and reciprocity are gaining strength daily.

The great leader Comrade Kim Il-song taught as follows:

**"The nonaligned nations and other developing countries can neither free themselves from the imperialists' exploitation and plunder nor build a new society successfully unless they scrap the old IEO and establish a new one."**

Various international conferences held recently clearly reflected the aspirations of developing nations to throw out the old IEO and replace it with a new one for a free and peaceful new world.

The UN Roundtable Conference on Social Development held in July in Stockholm, Sweden, echoed the strong demands for correcting the unfairness of the present IEO.

At this conference, held to prepare for the World Summit on Social Development, experts and scholars from countries around the world unanimously agreed that the lopsided IEO, currently under the absolute control of developed nations, is responsible for the endlessly widening global disparity in wealth. They stressed that the world cannot have its security for even a day unless the poverty problem is resolved, and that if the problem is to be resolved, the present IEO should be rectified.

At the conference, representatives of many countries charged that the developed nations of the West are trying to unilaterally impose their will on developing countries, regardless of the latter's social and economic situations and conditions. Western nations say they would give them "aid" in return for their accepting a "multiparty system" and "democracy."

Under such maneuvers of the imperialists, many African nations introduced a "multiparty system" and "democracy", but it has not brought an end to their economic crunch. The consequences proved even graver as it destroyed their political solidarity and spawned ethnic conflicts.

It was not by accident that the Moroccan foreign minister recently said that "most of the African nations carried out new reforms as requested by the West, but they still are left unable to come out of their economic crunch."

At a ministerial conference of the nonaligned nations held in August in Jakarta, Indonesia, officials of the developing countries stressed the need for a united struggle to end the grave debt crisis as soon as possible.

Meanwhile, the 25th annual meeting of the South Pacific Forum discussed measures to strengthen the management of resources in view of the fact that the South Pacific nations are being deprived of their resources by other countries, and to secure their economic interests and create a favorable environment for economic developments of the Pacific island nations.

In order for the developing countries to build a self-reliant new society by scrapping the irrational present IEO and establishing a new one, they should develop South-South cooperation on the principle of collective self-reliance.

Unless they scrap the old IEO and replace it with a fair new IEO, the developing nations will never be able to free themselves from the exploitation and plunder by the developed nations of the West.

A new IEO cannot be established by one or two nations alone.

To replace the old IEO with a new one is an international cause in the common interest of all the developing nations. It can be accomplished only by their united strength.

The developing nations have huge human resources and inexhaustible natural resources. They also have good experience and technique which they can exchange.

When they come to see the truth about "aid" touted by the imperialists, abandon their reliance on the outside forces and expand and develop South-South cooperation based on the principle of sovereignty, equality, and reciprocity, their wish for a fair IEO will come true.

Our people, in cooperation with the peoples of all the developing countries, will struggle positively to develop South-South cooperation and establish a new IEO.

**\* Strengthening of Nonaligned Movement Urged**

952C0014A Pyongyang NODONG SINMUN in Korean  
1 Sep 94 p 6

[Unattributed article: "Let Us Further Strengthen and Develop the Nonaligned Movement"]

[FBIS Translated Text] Today the hundreds of millions of people aspiring for an independent stand and attitude, as well as peace and progress, are commemorating the Day of Nonalignment. Marking this day, activities are under way on a global scale to adhere to the idea and principle of the nonaligned movement, strengthen and develop the movement, and advance the cause of self-reliance for the masses of people.

On this occasion, our people, looking back upon the path the movement has followed to date, are firmly resolved to positively contribute to its further strengthening and development.

The great leader Comrade Kim Il-song taught as follows:

**"At a time when the imperialist ruling forces still remain and the idea of the nonaligned movement is yet to be fulfilled, the nonaligned movement should continue to exist and be further strengthened and developed."**

To continue to strengthen and develop the nonaligned movement is an essential requirement for realizing the lofty idea and goal of the movement.

In connection with the end of the Cold War and a series of changes that occurred in international relations in its aftermath, the imperialist reactionaries and international subversives are ranting and raving as if the nonaligned movement had lost its validity and role and there was no need for the movement to exist any longer. According to them, the bipolar world has collapsed and international relations are heading for "reconciliation, cooperation, and peace" and, therefore, the existence of the nonaligned movement is meaningless now. This is a preposterous sophistry. Lurking behind it is their subversive aim and attempt to engineer an "about-face" of

the movement, reduce it to a nominal existence, and enervate and liquidate it completely.

In order to advance the cause of self-reliance for the masses of people, the nonaligned movement, a unique political force for which the independent stand and attitude is the life and soul, must be preserved and developed continuously.

Despite the collapse of the Cold War structure, a product of the confrontation between the superpowers, the old imperialist forces remain intact, continuing to pursue their ambition of world hegemony. Even toady when the international balance of power has been destroyed, modern imperialism clings to the bloc-oriented policy, the policy of strength, and is openly engrossed in acts of domination and interference, high-handedness and arbitrariness. They are maneuvering to control and dominate the nonaligned nations and developing countries, raving about "recovery of democracy" and "a new world order." Thus, they are trying to turn the world into a unipolar order so that they can have their way in everything.

This runs counter to the inherent nature of the nonaligned movement and the cherished desire of the peoples of the nonaligned countries. Reality strongly demands that we strengthen the nonaligned movement further and fight staunchly against the imperialist policy of domination.

The nonaligned movement is a movement to oppose domination and enslavement and defend an independent stand and attitude. It is a movement to promote the international solidarity of sovereign nations. In other words, the nonaligned movement aims at building a world intrinsically free of aggression and war, domination and enslavement, and a world in which each and every country and people can fully exercise its sovereignty as the master of its destiny.

Therefore, the nonaligned movement should continue to exist and be strengthened and developed uninterruptedly as long as the imperialist forces bent on domination and interference, exploitation and plunder remain on the earth, and as long as their aggressive, hegemonist policy continues.

The fact that the basic goal of the nonaligned movement is yet to be achieved also makes the continued existence and further strengthening and development of the movement an important requirement.

Fundamentally, the nonaligned movement is against imperialism and for sovereignty. It is against war and for peace.

Ever since its first days, the nonaligned movement has fought consistently to achieve its goal. In the process, the movement has expanded its ranks, enhanced its position, and demonstrated its power. Its voice and influence on the international stage have increased, and many international problems were settled fairly thanks to its

efforts and the role it played. The movement has greatly contributed to promoting solidarity and cooperation among member nations and developing countries, to opposing the imperialists' aggressive, hegemonist maneuvers, and to defending the independence and sovereignty of those countries, and to safeguarding world peace and security.

The nonaligned movement has come far but has yet to achieve its goal and ideal. Its mission is yet to be accomplished.

The movement has to carry on its struggle to achieve the goal.

Especially, the present international situation, created by the unexpected changes in the international balance of power, demands that we further strengthen the position and role of the nonaligned movement, which is an influential anti-imperialist, revolutionary force of our times. The movement constitutes the mainstream of the world anti-imperialist, self-dependent forces today. The nonaligned movement should play a leading role in opposing hegemonism and fulfilling the cause of sovereignty for the masses of people, without being swayed by any appeasement, deception, and challenges. Precisely in rejecting all attempts to sidetrack the movement of nonaligned nations from its original course and enervate it, and in strengthening the struggle against imperialism and for sovereignty, against war and for peace, lies the basic guarantee for preserving the life and principle of this movement and making it contribute to accelerating the common cause of humanity.

Most important in strengthening and developing the nonaligned movement today, is to increase its solidarity. Only when the nonaligned nations firmly unite on the principles of mutual respect, noninterference in domestic affairs, equality and reciprocity, can they strengthen the movement and enhance its position and role on the international stage.

The nonaligned nations must adhere to the principle of the movement and closely cooperate in all areas, political, economic, and cultural.

Only when they thoroughly adhere to the principle of the movement, can they preserve its unique quality and nature, and can the movement fulfill its mission and role satisfactorily.

Also, when the nonaligned nations develop multilateral cooperation and exchanges, they can achieve social and economic developments and common prosperity on their own.

It is the unchanging position and will of our republic to be faithful to the idea and principle of the nonaligned movement and to make positive efforts for its strengthening and development.

As in the past, we will in the future unite firmly with the peoples of the nonaligned countries for sovereignty,

peace, and friendship, adhere to the idea and principle of the nonaligned movement, and fight positively to advance it and accelerate the cause of sovereignty for the masses of people.

Nothing can check the advances of the nonaligned movement.

### **Kim Chong-il Extends Thanks to Builders of Tomb**

*SK2211044094 Pyongyang KCNA in English 0427 GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people, extended thanks to builders, officials and workers of granite mines across the country for their feats in the reconstruction of the Tomb of Tangun, first king of the Korean nation.

The builders successfully reconstructed the tomb as a national treasure in less than one year by excavating 300,000 cubic metres of earth, processing 72,000 stones and solving other problems in the project with a high degree of revolutionary zeal and creative ingenuity.

Comrade Kim Chong-il sent thanks also to Kim Yong-kil, chief secretary of the Kangdong County, Pyongyang, party committee, praising him as a good comrade and a fine party worker. Kim Yong-kil has sincerely looked after the family of Kim Song-man, non-commissioned officer of the Korean People's Army, who is bringing up orphans as his children, fully displaying communist virtues.

### **Kim Chong-il's Scientific Socialism Hailed**

*SK2211093994 Pyongyang Korean Central Broadcasting Network in Korean 0939 GMT 21 Nov 94*

[Unattributed talk: "Mighty Proof of Scientific Nature and Truthfulness of Socialism"]

[FBIS Translated Text] In his immortal classical work "Socialism Is a Science," published on 1 November, the dear leader Comrade Kim Chong-il profoundly elucidated the scientific nature and truthfulness of our socialism. As is elucidated in the work, our socialism is a most scientific socialism, centered on man because it is based on the chuche-oriented standpoint and position on man.

The dear leader Comrade Kim Chong-il indicated in his work: Our socialism is based on the most correct chuche-oriented standpoint and position on man, and herein lie its scientific nature and the truthfulness of our socialism.

The question of standpoint and position on man is a primary question as to in what standpoint and position we should see the development of society—that is, the development of the revolution—and as to how we should grasp it. The standpoint and position on man becomes a

basis which determines the scientific nature and correctness of ideology, theory, line, and policy.

In his work, the dear comrade leader, noting that historically a serious philosophical argument has unfolded between progressive and reactionary forces with regards to the essence of man, indicated the chuche idea has explained the inherent characteristics of man in a scientific manner and, based on them, has elucidated anew man's position and role in the world.

As has been elucidated by the chuche idea, man is a social being with independence, creativity, and consciousness. The inherent characteristics of man lie in that he has independence, creativity, and consciousness.

Man is a social being with independence, creativity, and consciousness because, unlike animals, he is active in society, with a developed organism and a developed brain in particular. As a social being essentially different from a biological being, which lives in and adapts to its objective living environment, man reforms the objective world in conformity with his own demands and pioneers his destiny with his own strength.

The more man's independence, creativity, and consciousness develop, the stronger man's position and role as the master and reformer of the world becomes. Man is the most precious and mighty being because he is a being of independence, creativity, and consciousness. Man is the only master and reformer of the world. There is nothing more precious and mightier in the world than man.

The chuche idea not only scientifically and newly elucidates man's inherent characteristics, but also gives new explanations on the essence of human life and the value of life. As has been elucidated by the chuche idea, man lives with a physical life as well as a sociopolitical life. Physical life is man's life as an organism, and sociopolitical life is man's life as a social being. To man, who is a social being, sociopolitical life is more valuable than physical life. If man only pursues the demand of the physical life and deserts the demands of the sociopolitical life, no matter how affluent his life may be, it is not a valuable life.

To man, independence is life. As a social being, man's life will have sociopolitical life and dignity only when he fulfills the independent demands with independent rights. If one loses independence and relies on others, he is dead even if he breathes. Thus, because sociopolitical life is the most precious life to man, man's life is valuable when it has sociopolitical life and when the sociopolitical life is elucidated.

A truly human and valuable life—which means all people elucidate the most precious sociopolitical life and smoothly meet the demands of the physical life—can only be properly achieved in a socialist society based on collectivism.

Truly, the chuche-oriented view of and attitude toward man as regards man's essential qualities, and the essence and value of man's life, are the absolutely correct view of and attitude toward man.

The preceding theory defined man's essential quality as the sum total of social relations. This definition rendered a historic service by shattering the unscientific and reactionary view which regarded man as a purely spiritual or simple biological being. However, the definition of man's essential quality as the sum total of social relations does not provide a comprehensive elucidation of man's own essential qualities. Consequently, it cannot correctly explain the relations between man and the world, or the position and role of man in the world.

In his work, the dear comrade leader has comprehensively systemized and profoundly developed the theory of man's essential qualities as expounded by the chuche idea. On the basis of this, he has proved with an immovable scientific theory that socialism is the most superior and vital society in which man's position and role are enhanced as a social being with independence, creativity, and consciousness. By doing so, the truth that true socialism is socialism centered on man, the most precious and powerful being, has been thoroughly proved in a scientific manner.

Man-centered socialism, our socialism, is based on the absolutely correct chuche-oriented view of and attitude toward man. Therefore, socialism that makes everything serve man and solves every problem by enhancing man's creative role is the most scientific socialism. The scientific nature and the truth of man-centered socialism lies in the fact that it is based on the chuche-orientated view of and attitude toward man.

Thanks to the dear comrade leader, the scientific basis of man-centered socialism has been clearly manifested. Accordingly, what true socialism is has been comprehensively revealed, and the basic guidelines to lead socialist construction along the correct road without any deviation have been prepared.

In addition, a powerful ideological weapon has been equipped so as to smash the reactionary sophistry of the betrayers of socialism who return to capitalism, regarding the people as a means for material production and insignificant beings who possess only labor power which can be bought and sold as a commodity; who justify unemployment and poverty; and who beg for aid and cooperation from imperialists instead of believing in the strength of their people.

By announcing the classic work "Socialism Is a Science," the dear comrade leader has proved the scientific nature and truth of man-centered socialism of our own style. His immortal ideological achievement lies in the fact that he has completed, deepened, and developed the chuche idea expounded by the great leader Comrade Kim Il-song onto a higher level.

This is truly a historic achievement that can only be accomplished by Comrade Kim Chong-il, the leader of our people, who has the indomitable will and grit to defend and complete the socialist cause to the end, with endless loyalty toward the chuche cause and the chuche-oriented idea and theory, and unrivalled ideological and theoretical wisdom on socialism as his natural gift.

Because we uphold the dear leader Comrade Kim Chong-il—a great man of the world, a great thinker and theoretician, and a great master of leadership—the future of socialism is bright and our socialist cause is invincible.

Cherishing deep in our hearts the pride and glory of upholding the dear leader Comrade Kim Chong-il, the genius of theory and ideas, as the great genius of our party and revolution, our people will further add luster to the popular masses-centered socialism of our own style by being endlessly loyal to the dear leader's leadership and ideas.

#### **NODONG SINMUN Praises Work**

*SK221105194 Pyongyang KCNA in English 1029  
GMT 22 Nov 94*

[“Scientific Exposition of Korean Socialism Centred on Masses”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—“Socialism Is a Science”, a work of the dear leader Comrade Kim Chong-il, clearly shows the path to the cause of socialism of our era by scientifically and theoretically systematizing and perfecting the theory that the building and development of socialist society should be based on the chuche-orientated view of and attitude towards the masses of the people, stresses NODONG SINMUN in a signed article today.

The article says:

The work gives, above anything else, a comprehensive, scientific and theoretical exposition of the position and role of the popular masses to show that the building and development of socialist society should be made centring on the masses, the masters of the society, by means of enhancing their position and role.

If the genuine advantage of socialism is to be fully demonstrated, it is important, first of all, for the masses to occupy the position of masters and exercise their rights.

Today the Korean people, as the masters of state and society, are holding the position of masters and fully exercising their rights as such in politics, the economy, culture and in all other fields of social life. And they are devotedly displaying all their wisdom and enthusiasm in the worthwhile struggle for the prosperity of the country.

The work also gives a scientific and theoretical exposition of the worthwhile and happy life of the popular

masses as masters of socialist society, thus profoundly explaining the essence and superiority of socialist society.

What is essential in their worthwhile, happy life is to lead a dignified life, while adding lustre to their socio-political integrity and enjoying the love and trust of the social community.

Our socialism is the society in which the leader and his men, and the leader and the people are all tied by love and trust and the whole society has turned into a socio-political organism and thus all its members keep their socio-political integrity shining.

The work also gives a theoretical and practical exposition of the benevolent politics, the politics of love and trust shaped by our party, thus profoundly elucidating in a scientific and theoretic way the basic factor that defines the advantages and invincibility of Korean socialism, and a mode of politics to be taken by a working-class party in building socialism.

As clarified in the work, love and trust constitute the essence of politics in socialist society, where the masses of the people have become the masters of politics. The politics of love and trust is called benevolent politics.

After giving a profound, scientific and theoretical exposition of the basic factor of superiority and invincibility of our socialism, the dear leader Comrade Kim Chong-il in his work comprehensively indicates the way of shaping genuine benevolent politics in socialist society.

He fully reviewed the historical experiences of our party in advancing in a unique way the mode of the most popular politics suitable to the essential character of socialist society and successfully embodying it. And on this basis, he elucidated a profound ideology and theory on socialist politics, with the result that a new phase of socialist politics as a scientific doctrine has been opened.

#### **Work Published in Switzerland**

*SK2211042794 Pyongyang KCNA in English 0417  
GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—The dear leader Comrade Kim Chong-il's famous work “Socialism Is a Science” was carried in a bulletin on November 14 by the Cultural Information Centre on the Democratic People's Republic of Korea in Lausane, Switzerland.

The bulletin in its preface said:

His Excellency Kim Chong-il published the treatise “Socialism is a Science” on November 1. He in the treatise noted that man-centred socialism, socialism centred on the popular masses, is absolutely scientific, and the most advantageous and powerful socialism.

**Meeting Marks Anniversary of Kim Chong-il Work**

*SK1911041494 Pyongyang KCNA in English 0408  
GMT 19 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 19 (KCNA)—A meeting was held here on Friday to commemorate the tenth anniversary of the publication of the dear leader Comrade Kim Chong-il's historic work "On Improving and Strengthening Land Administration".

The reporter at the meeting stressed that the dear leader's work "On Improving and Strengthening Land Administration" is an encyclopedia of land administration which gives perfect answers to the theoretical and practical questions arising in land building and administration, and is a famous work of weighty significance in building socialism and communism.

Comrade Kim Chong-il defined land administration as a nature-remaking work to renew the looks of land in conformity with the requirements of the chuche idea and a noble work to provide the people with more independent and creative living conditions, the reporter said, adding: "He showed the way for this domain, involving the working out of a general plan of land building, and has energetically guided its realization".

The reporter declared that the past ten years have been years during which the validity and vitality of the chuche-orientated policy of land administration set by the Workers' Party of Korea have been demonstrated, and a course of victory and glory in which the stamina and dignity of chuche Korea has been displayed through gigantic efforts to transform nature.

**Increases in Electric Power Production Reported**

*SK2211102894 Pyongyang KCNA in English 1020  
GMT 22 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Electric power production is on the increase in Korea.

The production was 5.6 percent higher in the latest fifteen days or more than the figure in the same period of last year, according to data available at the Ministry of the Electric Power Industry.

Entering November, the March 17 United Hydro-Power Plants and the Hochongang Power Station have topped their daily assignments by far by properly dividing the load of generators and raising the efficiency of the turbines.

The Changjagang Power Station and the Pujongang Power Station are now overfulfilling their daily assignments by more than 5 percent.

The Kanggye Youth Power Station is topping its daily quotas by hundreds of thousands kwh [kilowatt hours] by ensuring high water level and raising the efficiency of turbines.

Production has gone up at the thermal power stations, too. Entering this month, the Sunchon Thermal Power Station has showed a 19 percent gain over the same period last month.

**North's Achievements in Land Administration Noted**

*SK2111150794 Pyongyang KCNA in English 1503  
GMT 21 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 21 (KCNA)—Signal achievements have been made in land administration of Korea over the past ten years since the publication of "On Improving and Strengthening Land Administration", a work of the dear leader Comrade Kim Chong-il.

In this period a nationwide general blueprint of forestry building has been worked out and millions of hectares of forests have been created across the country.

The area of the forests of pine-nut trees has expanded 60 times as against that 40 odd years ago through a brisk work for creating forests of oil-bearing trees.

The Pyongyang-Kaesong expressway and other main roads extending 400 kilometers have been laid on a modern line and trunk roads of 1,000 kilometres paved freshly to round off the nation's road networks.

Lock gates including the world's leading West Sea barrage have taken shape on the Taedong and Chongchon Rivers and other rivers and embankment projects have been completed in 280-km sections, changing the looks of the land.

Science and technique of land administration have rapidly developed and their material and technical foundations consolidated.

Yanggang University, Pihyon College of Forest, Yangdok College of Land Designing and other schools have been well furnished so as to train technical personnel for this field systematically.

**South Korea**

**IAEA Negotiation Team Visit to DPRK Analyzed**

*SK2211080894 Seoul HANGUK ILBO in Korean  
22 Nov 94 p 2*

[Report by Ko Tae-song: "A Positive Signal in North Korea's Nuclear Freeze—Significance of Visit to DPRK by Negotiation Team of the International Atomic Energy Agency (IAEA)"]

[FBIS Translated Text] The IAEA negotiation team will visit Pyongyang on 22 November to deal with the freezing and inspection of North Korea's nuclear facilities. The government assesses North Korea's permission for the IAEA negotiation team to visit Pyongyang as a

positive signal with regards to implementing the DPRK-U.S. agreement. However, it was revealed there are still differences between North Korea and the IAEA over the content and level of the freeze, the method for disposing of nuclear facilities, and so forth. Therefore, it is likely the negotiations will not be smooth.

North Korea promised to freeze five nuclear facilities: the five-megawatt nuclear reactor in Yongbyon, whose operations have been suspended; the radiochemical laboratory, which is known to be a reprocessing facility; a nuclear material manufacturing plant; and the 50-megawatt and 200-megawatt nuclear reactors which are under construction. On 1 November, North Korea unilaterally announced it had taken steps to freeze these facilities. This being the case, the IAEA negotiation team has the mission of confirming and verifying whether the steps taken by North Korea meet IAEA expectations, as well as of holding negotiations with North Korea to ensure the consistency of the nuclear freeze. People are assuming that, regarding North Korea's nuclear freeze, the IAEA will put forward strict demands for suspending all nuclear activities, including the transfer of nuclear material and changes at the facilities. It was also learned that the current negotiation team, which will consist of expert inspectors and technicians, will carry out only partial inspections, including replacement of surveillance equipment in some facilities and confirmation of seals.

Pertaining to the content and level of North Korea's nuclear freeze, the government is most interested in whether North Korea is permitted to maintain and repair nuclear facilities that already exist or are under construction. The IAEA, not to mention our government, feels North Korea should not maintain its nuclear facilities in such a way that they can be put into operation and their construction completed at any time. Permitting North Korea to do so means projects in support of North Korea, including the light-water reactor project, would be carried out despite North Korea's nuclear card being retained intact.

However, most people feel North Korea will clearly attempt to minimize the significance of the freeze to settle the negotiations, merely suspending additional construction of reactors that are under construction without reloading the fuel rods in the five-megawatt reactor. It is also likely a war of nerves will be touched off between North Korea and IAEA over the facilities, the sealing of which will be demanded by IAEA as a means for ensuring the nuclear freeze.

The work to decide the level of North Korea's nuclear freeze is directly linked to the work to dissolve its nuclear facilities in due course. The DPRK-U.S. agreement stipulates that North Korea shall dissolve facilities related to its graphite-moderated reactor following completion of the first light-water reactor. Therefore, dissolution would be possible only after seven to eight years, at the earliest. Experts in our government point out that

if North Korea insists on maintaining and repairing its nuclear facilities until the last moment before dissolution, additional expenses for dissolution will inevitably be required. The fact that the expenses for dissolution will be increased at a time when discussion of the expenses has not even begun between the ROK, the United States, and Japan means the possibility of having to bear the expenses will fall to us.

The upcoming DPRK-IAEA negotiation will also work as a reconnoitering skirmish for the IAEA to examine the issue of ad hoc and regular inspections of North Korea's nuclear facilities, which are scheduled to be resumed by April next year at the latest. The particulars of ad hoc inspections, including their content and method to ensure the transparency of North Korea's past nuclear activities, will ultimately be settled through DPRK-IAEA negotiations. Thus, our government feels the upcoming DPRK-IAEA negotiations will be a yardstick to measure North Korea's sincerity and faithfulness.

#### **U.S. 'Hard-Liners' Call To Alter Accord Noted**

*SK2211052594 Seoul KYONGHYANG SINMUN in Korean 22 Nov 94 p 5*

[Article by Pak Su-man in New York: "U.S. Hard-liners' Demand for 'Renegotiation'—Will It Be Possible To Overturn the North Korean-U.S. Agreement?"]

[FBIS Translated Text] Will it be possible to renegotiate the North Korean-U.S. Geneva agreement?

One month has passed since the nuclear negotiation was settled on 21 October, but it has become a controversial issue as some U.S. hard-liners are calling for a total renegotiation on the grounds that the nuclear negotiation was based on excessive U.S. concessions.

A significant factor contributing to this move is that the U.S. midterm elections resulted in a Republican Party majority in both the Senate and the House.

Apparently, the U.S. Republican Party finds the Democratic Party's policy toward the North in disparity with its rightist line of strong foreign policy backed by "superiority of strength." It also seems that the Republican Party intends to challenge the Clinton administration's policy. Bob Dole, U.S. Senate majority leader, boasted sometime ago: "We will scrutinize the U.S.-North Korean nuclear negotiation as soon as the new Congress begins early next year."

With this move emerging in the United States, some quarters in the ROK are raising their voices that the North Korean-U.S. agreement should be totally altered. However, our government states: North Korea will not accept renegotiation, nor will the U.S. Government alter its position under congressional pressure.

The document signed by North Korean delegate Kang Sok-chu and the U.S. delegate Robert Gallucci is an "agreed framework."

This is different in form from the ordinary treaties, agreements, and protocols signed between states, but it is little different from them as far as its validity is concerned, explains a Foreign Ministry official. The form is not important in the international community where there are no proper means to punish a party that breaks a signed treaty, he says.

Moreover, the agreed framework can be regarded as publicly acknowledged by the international community more than any other treaties or agreements because the UN Security Council, through a presidential statement, positively appraised the agreement between North Korea and the United States and urged the two sides to implement it sincerely.

Therefore, if the United States should propose to North Korea a renegotiation of the agreed framework, it would result in a considerable "loss of face" on the part of the United States. Even if the United States should demand renegotiation, there is little possibility that North Korea will accept, for renegotiation means that the agreed framework is invalidated. After signing the agreed framework, North Korea, as first-stage implementation measures, froze nuclear activities and accepted the proposal for negotiation of International Atomic Energy Agency [IAEA] surveillance. As a result, North Korea has allowed the IAEA inspection team to enter North Korea.

North Korea is more enthusiastic about implementing the agreed framework than any other agreement it has signed with other countries.

This is well evidenced by the fact that North Korea has stopped, after signing the agreed framework, referring to the "ROK-type light-water reactor," which it objected to so stubbornly before finalizing the agreed framework.

The negotiations the U.S. Government have conducted with North Korea are not subject to congressional approval.

However, the U.S. Government has to get congressional assent from time to time while implementing the agreement.

As to providing alternative energy to North Korea, which is required to fulfill the agreed framework, the U.S. Government may require congressional approval because it involves the U.S. people sharing the financial burden. In view of the present atmosphere, however, the U.S. Government will probably choose the fund from the budget not requiring congressional approval.

At the same time, in the stage of implementing the agreed framework, it will become necessary for the United States to amend domestic laws, such as the Enemy Act and the Export Administration Act, to provide North Korea with key parts for the reactors.

The U.S. Government is hopeful that since the key parts for the reactors will be provided in four to five years

from now, the atmosphere of the Congress and U.S. public opinion may change by then.

However, it is also possible that the Clinton administration will try to shift the U.S. portion of the burden of expenses for implementing the agreed framework to the ROK or Japan in order to avoid the congressional restraint.

#### Researcher: 8 Years Needed To Build Reactors

SK2211071994 Seoul YONHAP in English 0712 GMT  
22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—It will take about eight years to construct light-water reactors in North Korea as part of the North Korean-U.S. nuclear agreement, the president of the Korea Atomic Energy Research Institute (KAERI) said Tuesday.

Dr. Shin Chae-in told a seminar sponsored by the ruling Democratic Liberal Party (DLP) that 60 to 65 months will be needed to finish work on the reactors, plus two years to do such preparatory work as designing.

Delivering a speech on "the support of South Korean-style standard light-water reactors for North Korea," he said: "We estimate that the total cost of construction would reach about 3 trillion won (about 3.8 billion U.S. dollars), and we plan to pay our share in kind as much as possible."

North Korea and the United States signed a breakthrough agreement on Oct. 21 under which the communist state promised to freeze its nuclear program in exchange for alternate energy supplies, light-water reactors and better ties with the West.

The light-water reactor project begins with the establishment of the Korea Energy Development Organization (KEDO), a multinational consortium tasked with carrying out the project, slated for next month, Shin said.

In the next stage, KEDO will draw up a reactor supply contract with North Korea next April before concluding a contract covering the actual construction in August 1995 with South Korea, according to the KAERI president.

Construction permit will be obtained and actual construction work start in May 1997. The first reactor will be installed in July 1999 and the first nuclear power plant be dedicated in December 2002. The second nuclear power plant will be dedicated in December 2003, Shin explained.

He noted that hundreds of South Korean engineers are expected to go to North Korea for the construction work, with at least 30 of them being dispatched ahead of others to train North Korean staff in charge of operating and maintaining the reactors.

Meanwhile, the KAERI plans to build seven new nuclear power plants, comprising six using light-water reactors

and one with a heavy-water reactor, in South Korea between 2001 and 2006, Shin said.

### **ROK, Canadian Firms Sign Memorandum on Reactors**

*SK2011015194 Seoul THE KOREA HERALD in English 20 Nov 94 p 8*

[FBIS Transcribed Text] Korea Electric Power Corp. (KEPCO) yesterday signed a memorandum of understanding (MOU) with Atomic Energy of Canada Ltd. (AECL) for joint export of Canadian-designed, heavy-water CANDU nuclear power reactors to third countries.

Yi Chong-hun, president of KEPCO, and Donald S. Lawson, president of AECL, signed the MOU at KEPCO headquarters in Seoul.

The MOU stipulates that the two parties should cooperate to explore jointly third markets for CANDU export and to participate jointly in CANDU projects in third countries.

The signing enables the two sides to cooperate in the improvement of CANDU-type reactors.

With the signing, KEPCO has become the nation's sole window for overseas nuclear power projects, a KEPCO official said.

In 1975, KEPCO signed a contract with AECL to purchase a CANDU unit for its nuclear site at Wolsong and this has been operating since 1983. KEPCO has now three other CANDU units under construction at Wolsong.

In September 1992, the two companies also concluded an agreement on technology transfer pertaining to heavy-water nuclear reactors.

### **Assistant Foreign Minister Interviewed on KEDO**

*SK2011091694 Seoul CHOSON ILBO in Korean 20 Nov 94 p 3*

[Interview with Choe Tong-chin, head of the ROK light-water project team and assistant foreign minister, by CHOSON ILBO staff; place and date not given—first three paragraphs are CHOSON ILBO introduction by Chong Hae-yong]

[FBIS Translated Text] The ROK, the United States, and Japan held the first senior working delegates meeting in Washington on 17 and 18 November since the conclusion of the U.S.-North Korean nuclear talks.

The working meeting was attended by Choe Tong-chin, head of the ROK light-water project team (first assistant foreign minister); Robert Gallucci, U.S. nuclear ambassador; and Sunji Yanai, director general of the Japanese Foreign Ministry Administration Bureau. Intensive discussions were held on the formation of an international consortium to assist North Korea with light-water reactors and alternative energy and to deal with the problem

of the spent fuel rods. The meeting only agreed on general principles and failed to arrive at any specific agreement.

After the meeting, Assistant Minister Choe Tong-chin answered ROK reporters' questions.

[CHOSON ILBO] Did you discuss how to share expenses?

[Choe Tong-chin] No, we did not. That will be discussed later after we have discussed the organization, function, and the direction of the development of the Korean Energy Development Organization [KEDO]. I do not think we have to finalize that matter until after the supply contract is completed.

[CHOSON ILBO] What countries will participate in the KEDO?

[Choe Tong-chin] The ROK, the United States, Japan, major European countries, Southeast Asian countries, and Canada. We will consider regional characteristics. No countries from South America and Africa will participate.

[CHOSON ILBO] Please explain specifically the central role of the ROK.

[Choe Tong-chin] Within six months of the signing of the basic agreement, the KEDO and North Korea will enter into a supply contract that will specify general terms. KEDO will then enter into a commercial contract with the major contractor, which will be an ROK enterprise. It will take considerable time for the commercial contract.

[CHOSON ILBO] What is the basic framework of the construction of the light-water reactors?

[Choe Tong-chin] We estimate that the preparatory period will take as long as three years, including a two-year period for a feasibility survey. The engineering work will then begin. Therefore, the main work will not begin for five years.

[CHOSON ILBO] Why will the ROK, the United States, and Japan play a leading role?

[Choe Tong-chin] The ROK, the United States, and Japan will play a leading role because the participation of too many countries in the decision-making process will complicate the work.

[CHOSON ILBO] Will KEDO treat the light-water reactors, the spent fuel rods, and alternative energy as one integrated account, combining the projects?

[Choe Tong-chin] The ROK will participate only in the light-water reactor project, playing a central role. The ROK will not participate, or share the financial burden, in the projects for alternative energy or the spent fuel rods. This has been understood by the three countries.

**More on Kim Chong-il's Physicians' Travel Plans**

SK2211051394 Seoul CHUNGANG ILBO in Korean  
22 Nov 94 p 3

[Report by Choe Sang-yon]

[FBIS Translated Text] It was revealed that two North Korean doctors, who are identified as attending physicians for Kim Chong-il, were granted entry visas by France early last week. It is likely that their visa applications have something to do with Kim Chong-il's health.

On 22 November, the Foreign Ministry confirmed that it has received a report regarding this from the ROK Embassy in Paris.

However, these two North Korean doctors have been revealed only as the attending physicians for Kim Chong-il, and other details are not available as they have not yet arrived in Paris.

**Identities Remain 'Unclear'**

SK2211065094 Seoul YONHAP in English 0641 GMT  
22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—Two North Koreans who appear to be personal physicians of Pyongyang's de facto leader Kim Chong-il applied to enter France with medical records early this month, sources here said Tuesday.

The two men have yet to arrive in Paris and their identities remain unclear, but according to the sources, they are apparently Kim Chong-il's doctors carrying his medical records.

People's Armed Forces Minister O Chin-u, the No. 2 man in the North Korean power hierarchy, is in Paris for treatment of a lung ailment. The sources said they have not ruled out the possibility that the two doctors may be carrying O's medical files.

Three or four physicians accompanied the North Korean minister to Paris, and it is possible that the two men are members of this team re-entering France, the sources said.

**Pyongyang Rejects Inter-Korean Government Talks**

SK221103794 Seoul YONHAP in English 1027 GMT  
22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—North Korea asserted on Tuesday there needs private or governmental dialogue between South and North Korea to achieve unification, but they cannot have any talks with the incumbent South Korean government.

The assertion was made in a commentary aired by Radio Pyongyang. It took the form of quoting an article

appearing in the CHOSON SINBO, the organ of the pro-Pyongyang Korean Residents Association in Japan (Chochongnyon).

The broadcast, monitored by the NAEWOE PRESS, argued that by advancing the idea of inter-Korean economic cooperation, the South Korean Government behaves as if it is interested in reconciliation and exchanges with North Korea.

"For unification, there needs private or governmental dialogue between South and North Korea. But, dialogue with the incumbent South Korean regime would only delay unification and make it difficult to implement the North Korea-U.S. agreement," it said.

Saying that much difficulties were experienced in the process of reaching an agreement between North Korea and the United States over the nuclear question, the commentary aired deep dissatisfaction at the attitude the South Korean Government displayed during the period of the U.S.-North Korea talks.

"Absolutely no dialogue can be made with the Kim Jong-sam regime," it said.

**Government Formulates Strategy on N-S Relations**

SK2011102094 Seoul TONG-A ILBO in Korean  
20 Nov 94 p 1

[FBIS Translated Text] It was learned on 19 November that the government is formulating "a mid- and long-term strategy for the improvement of South-North relations" in such a way to promote linking the development of South-North relations with stages of assisting in the construction of North Korea's light-water reactors. The government's strategy categorizes the process of assisting in the construction of the North's light-water reactors into five stages: First, the conclusion of a contract for the construction of light-water reactors; second, the beginning of the construction; third, the delivery of key parts for the light-water reactors; fourth, the completion of the No. 1 light-water reactor; and fifth, the completion of the No. 2 light-water reactor.

The government plans to set goals for the improvement of South-North relations to correspond with these stages. During the first stage the government plans to resume the still-suspended South-North dialogue upon the conclusion of a contract for the construction of the light-water reactors, which is slated for April 1995.

During the second stage the government plans to lay a foundation to open the era of reconciliation and cooperation between the South and North to realize the resumption of the South-North Joint Committee and materialize the summit talks between the South and North when the construction of the light-water reactors begins, expected to be at the end of 1995 or in early 1996.

During the third stage the government plans for the era of reconciliation and cooperation between the South and

North bear results by realizing South-North economic cooperation, on a wholesale scale, and establishing permanent channels of dialogue between the South and North when key parts for the light-water reactors are delivered, which is expected to be realized in three to five years.

During the fourth stage the government plans to make it possible to materialize the alliance [yonhap] between the South and North when the No. 1 light-water reactor is completed, which is expected to be realized around 2000.

During the fifth stage the government plans to lay a foundation to establish a unified state by helping the alliance system take root when the No. 2 light-water reactor is completed, expected in 2003.

In this way, the government's policy is based on its judgment that the process of assisting in the construction of the North's light-water reactors virtually solves North Korea's nuclear issue and that this will eventually serve as a substantial foundation for the improvement of South-North relations.

One government official concerned stated: "Because a clue has been found to the solution of North Korea's nuclear issue following the agreement between the North and the United States in Geneva, it is necessary to formulate a mid- and long-term strategy plan for the improvement of the South-North relations. The process of assisting in the construction of the North's light-water reactors—which will continue for as long as ten years—in itself will serve as a timetable for the improvement of South-North relations and the opening up of North Korea."

He added: "At the present moment, there exists a basic framework for a mid- and long-term strategy plan for the improvement of South-North relations. However, we do not yet have a detailed stage-by-stage plan. We will convene a conference of officials from the relevant government ministries and agencies to discuss working out a detailed plan and thereby finalize a mid- and long-term draft strategy."

#### **Ministry on Possible N-S Customs Union Accord**

*SK2011013594 Seoul THE KOREA TIMES in English  
20 Nov 94 p 2*

[FBIS Transcribed Text] A Foreign Ministry official said yesterday South and North Korea could sign a customs union agreement in the future if other countries oppose tariff-free inter-Korean trade.

The official, dismissing as groundless a press report that a Seoul-based U.S. Embassy official raised issue with inter-Korean trade, said that U.S. officials he met at the recent Asia-Pacific Economic Cooperation (APEC) meetings showed no intention of disputing inter-Korean trade.

Taking an example of former Czechoslovakia which divided into the Czech Republic and Slovakia, the official said the two countries signed a customs union agreement timed with their division.

The official, however, said that detailed negotiations for the establishment of a customs union will come four or five years later with inter-Korean trade blossoming.

The 1992 "basic agreement" for inter-Korean reconciliation stipulates inter-Korean trade as tariff-free internal trading, the official added.

When West Germany joined the General Agreement on Tariffs and Trade (GATT) in 1951, GATT members didn't raise any objection to tariff-free inter-German trade because it was internationally accepted as internal trading, he said.

Therefore, GATT didn't have to take an additional endorsement procedure on inter-German trade at that time, he said, adding that the same goes for inter-Korean trade.

However, he didn't rule out the possibility that some countries would raise the issue at GATT meetings.

#### **Meeting Scheduled on Business Visits to North**

*SK2111034594 Seoul SEOUL SINMUN in Korean  
21 Nov 94 p 2*

[FBIS Translated Text] It was learned on 20 November that the government will hold a council meeting this week for the promotion of inter-Korean exchanges and cooperation presided over by Yi Hong-ku, deputy prime minister and minister of National Unification Board, to map out measures following the steps to revitalize inter-Korean economic cooperation, including its yardstick for allowing ROK businessmen who have received invitations from North Korea to visit there.

Following this, the government will reportedly hold briefing sessions on inter-Korean economic cooperation in major cities across the country from 29 November in cooperation with the Korean Trade Promotion Corporation. The government will then allow those who have received invitations from North Korea to travel if their personal safety and safe return are considered to be guaranteed.

North Korea has invited four to five businesses—including Hyundai, Samsung, and Daewoo conglomerates—and those invitations are considered to be in effect. Accordingly, there are good chances that they will visit North Korea this year.

The government considers organizations under the control of the Administration Council, Workers' Party of Korea, and Ministry of the People's Armed Forces, among others, as North Korean organizations capable of guaranteeing the personal safety of ROK visitors and their safe return. Therefore, businesses that have

received invitations from the above-mentioned organs will be able to send their officials to Pyongyang.

Accordingly, the government will allow to travel to North Korea those businessmen who receive invitations from (Yi Song-tae), chairman of the North Korean Administration Council's Committee for External Economic Affairs; (Kim Chong-u), chairman of the Committee for the Promotion of External Economic Cooperation; (Yi Song-nok), from the Koryo National Industrial Development Association; and (Cho Won-myong), from the International Trade Promotion Committee.

**Seoul Urges Group Chairmen Not To Visit North**  
*SK1911091494 Seoul HANGYORE SINMUN in Korean  
19 Nov 94 p 3*

[FBIS Translated Text] It has been learned that the government has called on the chairmen of conglomerate groups to refrain from visiting North Korea.

According to business circles, on 8 November—the day the government announced the proposal to resume North-South economic cooperation—the government indirectly or directly called on chairmen of conglomerate groups to be prudent when deciding to visit North Korea.

The government delivered such a message to conglomerate groups because it is concerned North Korea will use their visits to North Korea for propaganda proposes at home and abroad. Also, it is possible that the chairmen will reach an agreement with North Korea regarding large-scale projects during their visits. Following the government's intentions, the groups plan to send their executives in charge of North Korean affairs to North Korea first, instead of the chairmen.

Samsung Group has reportedly decided to send approximately 10 managers to North Korea, including Sin Se-kil, president of Samsung Mulsan. Hyundai Group plans to send Yi Chun-nim, chairman of Hyundai General Corporation, instead of Chong Chu-yong, honorary chairman of the group.

Also, Lucky Gold Star plans to send approximately 10 figures led by its responsible manger, who is at the vice-president level. Daewoo Group will send executive managers to North Korea in step with other companies after carrying out its plans to send technicians to Nampo Complex and to hire North Korean workers for its business in third countries.

Ssangyong and Kolong Groups plan to send an investigation team made up of their executive managers and working-level employees to North Korea instead of the group chairmen.

**Weekly Reviews N-S Economic Cooperation**  
*SK2211062494 Seoul SISA JOURNAL in Korean  
24 Nov 94 pp 16-19*

[Article by Nam Yu-chol: "The Truth About North-South Economic Cooperation Runs Counter to Justification and Interest"]

[FBIS Translated Text] The so-called Oxford Palace Hotel is located in Koreatown in Los Angeles, the United States. This is a top class hotel, owned by a Korean-American resident, where Korean-American businessmen in LA meet frequently. An interesting meeting took place at this hotel around mid-September when the U.S.-North Korean talks reached the final stage of settlement. According to the host, the inter-American exposition for investment in North Korea was held for the first time. This was called the "Exposition for Investing in the Najin-Sonbong Free Economic Trade Zone." The host was a North Korean investment consultant company, the so-called Nasong Investment Consultant Limited Corporation, operated by a Korean-American businessman in Hong Kong.

Approximately 60 Korean-American businessmen participated in the exposition. The host stated: "Applicants numbered approximately 30 when the exposition first opened. However, their number increased when the prospects for a settlement in the U.S.-North Korean negotiations became brisk."

Despite the interesting character of being the first exposition held in America for investing in North Korea, news media operated by Korean-American residents paid no attention to it.

The host stated: "We planned to invite to the exposition an official of the North Korean Committee for the Promotion of External Economic Cooperation, but failed for various reasons."

**"How Can We Invest In Such a Wild Plain?"**

As we watched video tapes taken by the host regarding the investment exposition, we were easily aware of the Korean-American businessmen's lack of knowledge about the North Korean investment situation. A majority of the participants did not even know that the goods produced in North Korea could not be brought into the United States. In response to remarks by the host indicating this exposition took place on the grounds that the law would be changed barring U.S. enterprises from trading with North Korea, some participants criticized: "Then, are we meeting to discuss the issues that may be raised in the next two or three years?"

The interest by the participants, who own small and medium companies, was businesslike, though they mis-calculated that the application for investment in the Najin-Sonbong Free Economic Trade Zone would be as easy as that of the ROK Export Complex where they can easily move in once they apply. A participant, who stated he had visited the Najin-Sonbong zone, stressed on many occasions that "there is no complex in the area," and that "if you go there, you will see nothing but a wild plain."

Not only Korean-Americans, but also domestic businessmen, have poor knowledge of the investment situation in North Korea. After seeing the Najin-Sonbong

area, a figure from the domestic conglomerate group asked a North Korean official: "How can we invest in this wild plain?"

North Korea announced it will develop the Najin-Sonbong zone into a base from which to mediate international cargoes and internationally process export goods. In a guideline (Najin-Sonbong, A Delta of Gold) for foreign investment prepared by the North Korean Government, North Korea stated it would complete road, railway, and harbor facilities in the Najin-Sonbong area by 1995 as its first stage development project. Also, by restructuring or expanding the existing road, railway, and harbors, it will first link its transport network to the PRC and Russia, then will increase the cargo handling capacity of Najin, Songbong, and Chongjin ports by more than 20 million tones. Judging from its guidelines, North Korea will earnestly carry out the development of the free trade zone, which will be continued in the year 2000, only if the first-stage project is completed.

#### **"Najin-Sonbong First-Stage Project Has Not Begun"**

North Korea's plan for the Najin-Sonbong free economic trade zone must be ambitious and grand from a capitalist prospective. We should be aware that North Korea is concentrating efforts on it based on its strong will.

North Korea has not yet begun the first stage of the project. During the late President Pak Chong-hui's term, the ROK obtained a foreign loan to build plant complexes and invited foreign enterprises to invest in those complexes. On the other hand, North Korea—which 104 foreign banks in Western countries consider in a "state of bankruptcy" due to its failure to repay foreign debts—has not obtained any foreign loans.

North Korea, which has continued minus development for the past four years, has only land and a plan for the project. However, one should first have social overhead capital that makes investment possible with a view to inducing foreign investment. North Korea, which is unable to acquire international loans, is trying to resolve this problem through foreign investment.

However, very few enterprises can make an investment, without financial support, in the enormous social overhead capital North Korea requires.

The reason the UN Development Program Tumangang development plan has not been put into practice and is the subject of scholars' "thesis" at seminars is because it has failed to invite funds from an international organization. Even if diplomatic relations between North Korea and the United States improve, it will be difficult for North Korea to invite funds from an international banking organization without a guarantee from the ROK. (Such economic and dynamic relations have already been confirmed for the work of supplying building light-water reactors.)

#### **"Even if Enterprises Want To Invest in North Korea, Funds Are the Problem"**

Even if China and Russia wanted to invest in North Korea, they do not have the necessary assets. Only the

ROK and Japan are interested in investing in North Korea. Among the countries in the Northeast Asian region, only these two countries can practically invest funds. This simple reality puts North Korean authorities in agony over justification and practical interests.

The North Korean authorities refused our government's economic cooperation plan on 11 November and, furthermore, sternly denounced it. This is because our government tried to deprive North Korea of its justification, instead of giving practical interest to it. Even during the period in which North Korea withdrew from the Nuclear Nonproliferation Treaty and in which North-South relations were on the brink of war, our conglomerate groups frequently and secretly held meetings with North Korean authorities. Despite the aggravated North-South relations during that time, a famous domestic conglomerate group expressed its willingness to invest in the building of the key industrial facilities in the Najin-Sonbong area. Despite the importance of justification, North Korea clearly expressed willingness to accept. (Needless to say, the document stipulated that the enterprise of a third country will make the investment.) The highest-level official of our then government paid deep attention to these negotiations as he regarded it as the North Korean Government's intention.

However, this project—which might have been recorded in history as the first investment in North Korea for the Najin-Sonbong free economic trade zone—has not been successful. A relevant official of a conglomerate group at that time who held negotiations with North Korea, stated that "our government's tacit approval was not a problem, but we could not attain the funds."

#### **"Galvanization of Investments in North Korea Will Be Impossible Without the Government's Support"**

Because our country's conglomerates are under the pressure of heavy debts from banks due to the expansion of their business lines, like an octopus spreads its tentacles, it would be virtually impossible for them to make investments in large-scale projects without being granted credit by the government. No agreement between South and North Korea guaranteeing investments exists, either. Working-level officials of conglomerates who deal with North Korean affairs say they need a resolute decision from their chief executive officers, who can maintain such an attitude toward projects that involve small-scale investments of \$1 million that they can say: "It will be no problem even if we completely lose the money in such a project."

While conducting indirect transactions aimed at opening channels with North Korea, our country's large business groups have already sustained a considerable loss. By the way, there is presently no ROK enterprise that has such ample funds that it is willing to sustain continuous losses just to be engaged in "economic cooperation" with North Korea and that can make full-scale investments, the amount of which will be more than the level of the processing-on-commission trade volume.

The government can "manage" enterprises' investments in the North as much as it pleases, even if the government does not put limits on the businessmen's visits to the North and even if it does not have the National Unification Board work out a relevant procedure to grant approval to businesses visiting the North. This is because, it is economically impossible for our enterprises to make large-scale investments if the government does not grant relevant policy-oriented funds or grant loans aimed at supporting North Korea.

There is no need for our government to talk about the question of lifting restrictions on investments in South-North economic cooperation. Even if the government should take measures to ease completely the policy of linking the nuclear issue with economic cooperation, it can still substantially manage and control our enterprises' investments in the North as much as it pleases.

Under the condition in which there is no government support, it is impossible to expect that civilian enterprises' investments will be galvanized to the extent their investments in the North need to be controlled. The North Korean authorities were not able to find any justifiable reason to welcome the ROK Government's proposal for conducting South-North economic cooperation that was released—for the sake of publicity—right before the president embarked upon his Southeast Asia tour. This was because the proposal did not guarantee any tangible profits.

Even when the situation became tense because of the nuclear issue, indirect trade between the South and North did not discontinue even for a moment. This notwithstanding, full-scale South-North economic cooperation eventually means a realization of direct investments. Direct investments have not been made because our government has not granted approval.

Now that the government has lifted restrictions, even on a fundamental scale, the enterprises will examine the relevant conditions for investments in North Korea from an objective point of view. From the standpoint of a pure investor, it is difficult to determine if North Korea is a more attractive investment alternative than Vietnam or the PRC.

#### "Truth Should Be Found in 'Germany's Lesson'"

Some media organizations and experts maintain the logic that it is necessary for our enterprises to "acquire by occupancy" the North Korean market before foreign businesses. In a sense, this is true in terms of the telecommunications field, which should be linked with ROK's system. Foreigners will make direct investments either aiming at selling their products in North Korea's domestic markets or making the most of the North's low-wage laborers. North Korea does not yet have any market that has become so developed that investors regard it as a target of their acquisition by occupancy. If foreign enterprises are willing to make investments in North Korea to make the most of low-wage laborers, we

should more than welcome this with a view to reducing the economic cost for the future unification [tonghap] of the South and North.

Even if the government should grant free discretion in investments in the North, there is no enterprise in our country that has such ample funds that they can embark, without any hesitation, on large-scale investments in the North. After all, if the South and North Korean authorities do not join their hands politically, complete South-North economic cooperation will be impossible.

Economic cooperation between South and North Korea is only realistically possible through our government's economic support. Our society is turning a blind eye to this mediocre truth, which was confirmed in the example of the integration of Germany.

Only with economic logic, will it be possible for the government to deal politically with North Korea. When we are handling South-North cooperation only from an economic standpoint, then North Korea will find "a justification" to obtain "profits." West Germany provided East Germany with both profits and justification—while supplying behind-the-scenes help—thereby making it possible to ultimately gain profits and justification. We should learn from this mediocre lesson of Germany in dealing with South-North economic cooperation.

#### Poll: Majority Favor Economic Aid to North

SK2211035294 Seoul SEOUL SINMUN in Korean  
22 Nov 94 p 1, p 3

[Report by Ku Pon-yong]

[FBIS Translated Text] A survey shows seven out of ten citizens have a favorable view on rendering economic assistance to North Korea, even before reunification.

SEOUL SINMUN and Media Research Company jointly conducted the survey of 1,000 females and males across the country on "the pending issues regarding North Korea and reunification" on the occasion of the 49th anniversary of the founding of SEOUL SINMUN. According to the survey, when asked if "financial assistance should be given to North Korea before reunification," 73.2 percent of the respondents answered favorably.

The survey also shows that 52.6 percent believe "inter-Korean economic cooperation should begin irrespective of political issues, such as North-South dialogue," while 41.2 percent maintained that "economic cooperation should be put aside until North Korea gives up its ambition for nuclear development and dream of communizing the entire Korean peninsula."

These results are interpreted as reflecting the citizens' overall view that economic cooperation could not only help the North and South to seek mutual interests, but also induce North Korea's change and openness. They,

as a result, support the government's recent steps not to link the nuclear issue with economic cooperation.

The type of North-South reunification picked by 51.7 percent was "the German-type—peaceful reunification through absorption." Thus, this shows the majority of the citizens apparently feel that reunification through absorption is unavoidable, whether it is realized peacefully or due to the collapse of the North Korean system.

As for the most favored reunification formula, 62 percent said they favor "the German-type—peaceful reunification through absorption."

The survey also shows that the citizens, in general, negatively evaluated the outcome of U.S.-North Korean nuclear negotiations.

### **Seoul Decides To Increase N-S Cooperation Fund**

*SK2111030494 Seoul SEOUL SINMUN in Korean  
21 Nov 94 p 2*

[By reporter Ku Pon-yong]

[FBIS Translated Text] It was learned on 20 November that the ROK Government decided to increase the North-South economic cooperation fund to 1 trillion won in three to four years according to its "comprehensive reunification policy" designed to promote economic cooperation between government authorities, which will be promoted in earnest starting next year, and prepare for long-term changes in the North Korean establishment.

The government reportedly decided not to establish the "reunification fund" because the establishment of such a fund may give the impression that the ROK pursues to achieve "reunification through absorption. Instead, the government reportedly plans to increase the North-South economic cooperation fund to at least 1 trillion won.

According to this plan, the government will add 55 billion won to this fund next year, increasing the total to 225 billion won (interest included). The government is also examining ways to increase the fund, which include a big increase in government assistance, from 1996.

The government originally mapped out a plan to increase the North-South economic cooperation fund to 500 billion won by 1998.

A pertinent government official said: "The government's comprehensive reunification policy is: It plans to persuade North Korea to promote civilian and intergovernmental North-South economic cooperation to build an economic community, a stage preceding reunification. The government will also prepare against the possibility that North Korea will maintain its hostile policy toward South Korea and its isolationist policy and that, as a result, it will be difficult for North Korea to maintain its system."

This official also said: "If North Korea proposes economic cooperation between government authorities next year, this will provide reason for the government to increase the North-South economic cooperation fund." He went on to say: "If, in particular, the North and South agree on large-scale economic cooperation, joint development of natural resources, and humanitarian affairs, the government may examine such possibilities as issuing bonds and receiving private donations, in addition to giving governmental assistance."

However, the government believes that because the North-South economic cooperation fund was established with the people's money, it will be correct to assist intergovernmental economic cooperation projects which will contribute to North-South joint development. Therefore, the government has decided that private companies would promote North-South economic cooperation without assistance from this fund.

### **Japanese Coalition Postpones Visit to DPRK**

*SK2211020094 Seoul YONHAP in English 0121 GMT  
22 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 22 (YONHAP)—The Japanese ruling coalition has put off plans to dispatch a delegation to North Korea this year aimed at paving the way for a resumption of talks on diplomatic normalization.

Sources from the three-member ruling coalition—The Liberal Democratic, Social Democratic and Sakigake Parties—said Tuesday the proposed visit was postponed as North Korea had not guaranteed the delegates would meet with its de facto leader Kim Chong-il.

The sources said another reason is that Pyongyang has cancelled a trip to Japan by a delegation from the North Korean Committee for Cultural Relations with Foreign Countries to be led by a Director-level Official, Paek Pong-kyu.

They explained that the Japanese delegates' visit to North Korea is almost impossible under the circumstances as there is no detailed schedule concerning whom they would meet and what organizations would host them.

The coalition parties earlier planned to send a delegation this month, but had second thoughts after Pyongyang mentioned Japanese compensation for the period until 1990, even after Korea's liberation from Japanese colonial rule in 1945.

The Japanese Foreign Ministry has rejected Pyongyang's demand, saying that compensation for the post-war 45-year span was merely an agreement between the Liberal Democratic, Social Democratic and North Korean Nodong (Workers') Parties reached in 1990, not an accord between the governments of the two countries.

Meanwhile, a Socialist Party official here hinted at the possibility of direct negotiations with the Nodong Party, but said the coalition's involvement would complicate matters.

**North Applies To Participate in Sports Event**

*SK1911095394 Seoul HANGUK ILBO in Korean  
18 Nov 94 p 25*

[From YONHAP]

[FBIS Translated Text] Although North Korea disappeared from the international sports arena at the beginning of this year, it has filed an application to participate in the First Soldiers' Olympics that will be held in Rome, Italy, thereby attracting the attention of international sports circles.

Officials concerned believe that with North Korea's participation in the Soldiers' Olympics as momentum, North Korea may be engaged in conducting lively sports diplomacy, as this move is timed with the agreement reached between the North and the United States on the nuclear issue and with the upcoming inauguration of the Kim Chong-il system.

According to an officer of the Defense Sports Command, on 17 November the Committee for International Military Sports received applications for participation in the First Soldiers' Olympics to be held in Rome in September 1995 in celebration of the 50th anniversary of the end of World War II. North Korea officially notified the international committee of its intention to participate in the Olympic games through such an application.

The officer stated: The Olympics will have 19 events. It is not known yet how many athletes North Korea will send, but North Korea has already made its intention clear that it will participate in the soccer games, which requires regional elimination games. The Asian regional elimination games involves from seven to eight countries, including the ROK, North Korea, the PRC, and Kazakhstan. The elimination games are scheduled to be completed by March 1995. Therefore, it is predicted that a soccer game between South and North Korean soldiers will be realized for the first time in history.

**'Northern' Countries Considered for Economic Aid**

*SK2111020094 Seoul YONHAP in English 0142 GMT  
21 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—South Korea is poised to offer long-term, low-interest loans to some major "northern" countries.

The government plans to extend such loans to Hungary, Poland, Vietnam, Romania and China out of the Economic Development Cooperation Fund (EDCF), Finance Ministry officials said.

The Kim Yong-sam administration has tentatively decided to accommodate, out of the EDCF, a Hungarian request for a 25-million- U.S.-dollar loan to finance a steel mill modernization project.

With respect to a Polish time divisional exchange (TDX) project, the Finance Ministry and related agencies

including the Science and Technology Ministry have been discussing whether to accept Poland's request for an additional loan of 20 million dollars. The government earlier decided to provide Poland with a 50-million-dollar EDCF loan for the project.

To help finance road construction and piped-water projects in Vietnam, the government plans to offer that country a loan worth 50 million dollars. After deciding to provide Romania with a 50-million-dollar loan to modernize its communications network, South Korea had released about 8.2 million dollars by the end of October.

China has recently asked for 100 million dollars in loans to finance nine projects including an automobile parts factory in Shandong Province, a piped water project in Jilin Province and an elevated highway in Qungdao. The government is reviewing plans that call for providing China with EDCF loans primarily for communications such as TDX projects.

Seoul promised to extend Beijing 43 million dollars in long-term, low-interest loans in September, and plans to provide it with more loans next year, according to the officials.

**U.S. Ambassador Mondale's Visit to Seoul  
Viewed**

*SK2211030794 Seoul YONHAP in English 0228 GMT  
22 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—U.S. Ambassador to Japan Walter F. Mondale, who was vice president in the Jimmy Carter administration, unofficially visited South Korea last Sunday to meet with senior officials including President Kim Yong-sam and Foreign Minister Han Sung-chu, government officials said Tuesday.

Mondale, accompanied by the commander in chief of the U.S. Forces in Japan, talked with South Korean officials about establishing a tripartite security system among South Korea, the United States and Japan and implementing the North Korean-U.S. nuclear agreement, according to one official.

During a dinner meeting at the U.S. Embassy here Monday evening, Mondale reportedly said that funds for the first 50,000-ton shipment of heavy oil to North Korea have already been secured.

But the U.S. Government still has to obtain congressional approval for the supply of additional heavy oil, he was quoted as saying.

The ambassador then voiced hope that as many countries as possible will participate in the Korea Energy Development Organization (KEDO).

South Korean officials said his remarks seemed to suggest that if Washington failed to obtain consent from Congress for further heavy oil supplies for Pyongyang, KEDO would need to shoulder part of the expense.

North Korea and the United States signed a breakthrough agreement on Oct. 21 under which the communist state promised to freeze its nuclear program in exchange for alternate energy supplies and better ties with the West.

Rep. Na Ung-pae, chairman of the National Assembly Committee on Foreign Affairs and National Unification; Rep. Pak Chong-su; Daewoo Group Chairman Kim U-chung and former ambassador to Washington Kim Kyong-won also attended the dinner.

**Scholar: U.S. Embassy in PRC Belongs to Seoul**  
**SK2111031794 Seoul YONHAP in English 0225 GMT**  
**21 Nov 94**

[FBIS Transcribed Text] Taejon, S. Korea, Nov. 21 (YONHAP)—Korea is the actual owner of the U.S. Embassy in Beijing, bought in 1902 but later abandoned when it lost diplomatic authority under Japanese colonial rule, a professor claimed Sunday.

Modern architecture professor Kim Chang-tong of Taejon's Mokwon University wrote in a monthly architecture magazine's November issue that Pak Che-sun, Korea's diplomatic representative to China, bought the then-U.S. legation on the orders of King Kojong.

The legation, located in the heart of the diplomatic district at the time, was bought for 140,000 yuan—translating into roughly 3 billion won (3.77 million U.S. dollars), according to Kim.

The United States later sold the building to Korea around 1900, when foreigners in Beijing came under severe attack from Yihetuan, an armed rebellious group of Chinese opposed to foreign imperialists.

Attacks and retaliation ensued, during which the French got hold of the building, renovating and opening it as Banque de l'Indochine.

Korea abandoned its legation when Western retaliation began against Beijing, later losing its diplomatic authority with the establishment of Japan's resident-governorship in Korea.

The details about Korea's purchase of the U.S. legation site were contained in the Jan. 21, 1950 edition of China's official gazette DAGONG BAO.

An American businessman, known only as "William," is said to have constructed the building in July 1962 to use as his office and later sold it for use as the U.S. legation, according to the gazette.

Historian Hwang Hyon, using his pen name Maechon, wrote in his personal account of Korean history between 1864 and 1910 "Maechon Yarok" about Korea's purchase of its legation building.

Records obtained from Second Counsellor Pak Tae-yong show that King Kojong appointed Pak Che-sun as the

diplomatic representative to China in January 1902 and gave him 150,000 yuan to buy a legation.

The king specifically instructed him to furnish the legation with extra grandeur in consideration of Korea's special ties with China.

The 140,000-yuan cost of the building compares with King Kojong's 350 won in monthly pay at the time. It is 400 times what the king received every month, 700 times what a minister earned.

**Argentina Charges Firms With Dumping TV Sets**  
**SK1911020994 Seoul YONHAP in English 0110 GMT**  
**19 Nov 94**

[FBIS Transcribed Text] Buenos Aires, Nov. 18 (YONHAP)—Argentina has handed down a final judgement of dumping of television sets against South Korea's Daewoo and Goldstar.

The Argentine Government decided Friday that the two companies had dumped 14- and 20-inch TV sets, and levied additional duties on the items ranging from a minimum 2.58 percent to a maximum 29.39 percent which will be applied retroactively from August 1992.

But no-charge conclusions were rendered on products made by Samsung and Korea Electronic Co.

Daewoo must bear additional tariffs of 11.69 percent for its 14- inch TVs and 27.33 percent for 20-inch models while Goldstar must pay 2.58 percent and 19.35 percent, respectively.

Argentina, which has set a minimum import price of 255.22 U.S. dollars and 178.65 dollars for 14- and 20-inch TV sets, has imposed duties of 20 percent on the products.

Facing export damage in the South American nation with the dumping judgement, South Korean TV makers are expected to concentrate on assembly production with their local partners.

In the meantime, Argentine authorities are also investigating a charge of dumping of Korean-made electronic ovens in the wake of a local firm's petition.

**Daily Questions Need To Deploy Patriot Missiles**  
**SK2011004694 Seoul HANGYORE SINMUN in Korean**  
**19 Nov 94 p 3**

[Editorial: "Are the Patriot Missiles Really Necessary?"]

[FBIS Translated Text] Patriot missiles were in the limelight during the Gulf war, which was said to show what modern warfare is like. This was because in the war, the Patriot missiles frustrated Iraq's intentions to make the most of the powerful Scud missiles. But, ironically enough, the fate of the Patriot missiles has been doomed precisely because of the Gulf war. That is, as it has been disclosed that the Patriot's rate of hits is no

higher than 30 percent, the missile will have to give up its mission to its rival called "(Erint)."

Therefore, because of the Patriot's limited-timed fate, which means that Patriot missiles will survive only until after the (Erint) is developed and deployed for an actual warfare, efforts were made to deter the Patriot's arrival in the Korean peninsula. But, Patriot missiles were deployed without a hitch at a time when the security situation of the Korean peninsula became acutely tense following the North Korean side's remarks on its intention to "engulf Seoul in a sea of fire." At that time, the prevailing understanding was that the Patriot missiles were temporarily deployed out of necessity. But, even today when the situation has changed, those missiles still remain in this land; and it has been confirmed that the relevant Patriot missiles Army unit and military personnel have been placed under the supervision of the U.S. Forces Korea [USFK]. This means that the U.S. plan to deploy the Patriot missiles in the Korean peninsula has successfully been implemented without facing any resistance.

We cannot fully understand why the United States has been trying to bring the Patriot missiles—whose performance is questionable—into the ROK. Just because of this, people are continuously casting suspicions that the United States is trying to sell the expensive weapons system—one battery of such missiles costs as much as \$150 million—to the ROK. The national defense authorities are stating that there has been a misunderstanding regarding this, in view of the fact that the United States has never proposed that we purchase those missiles, nor is it forcing us to purchase any other kind of weapons, either. It has also been emphasized that the Patriot missiles are the most effective weapons to cope with the approximately 1,600 aircraft of the North Korean Air Force, in light of the fact that since the Gulf war, the Patriot missiles' performance has improved; the rate of intercepting missiles has been increased; and they have the superiority, which no other weapons can match, in intercepting aircraft.

Of course, there are some people who want the USFK to equip itself with those modern and scientific weapons—which made their power felt in the Gulf war—in order for the USFK to faithfully fulfill its security commitment to the Korean peninsula. We may not be able to blame those people if we can increase our own war capabilities without bearing any additional financial burden in this regard. But, what we are concerned about is the point that if we have the perception that a certain weapons system can contribute to our own security, then we will accept this as an essential one; and, eventually, we might forcibly feel the need to ultimately purchase the Patriot missiles, whose days before being decommissioned are numbered. Also, under the circumstances in which a framework for the solution to North Korea's nuclear issue has been provided and a peace system is going to be established in Northeast Asia, we believe that it is necessary to make a multi-faceted examination as to

whether the permanent deployment of the Patriot missiles, which will result in the increase of armaments, is really reasonable.

#### Stronger Measures for Demonstrations Decided

SK2011014094 Seoul *THE KOREA HERALD* in English 20 Nov 94 p 3

[FBIS Transcribed Text] The National Police Agency (NPA) said yesterday that it has decided to take stronger measures to cope with violent demonstrations.

The Police will adopt an offensive posture in putting down violent demonstrations from now on, an NPA spokesman said.

To this end, a new "police line" system will be introduced and the equipment for riot troops will be drastically reinforced.

The new measures were adopted in a bid to both stamp out illegal violent demonstrations and reduce injuries of riot policemen, the spokesman said, adding that unlawful demonstrations cause tremendous inconvenience to the ordinary citizen.

Riot police here have traditionally fought against street demonstrators in a "defensive" manner.

Under the new tactic, however, the police will draw a police line, wherever demonstrators are gathered, and will mobilize all possible physical force to repress those who cross the line. Violators of the police line will be subjected to harsh legal punishment, the spokesman stressed.

The number of students activists and demonstrations have been on the decline in recent years. But there is much danger the small number of hard-core activists would go to extremes and engage in terrorist outrages. To suppress such extreme activism, the NPA plans to create a special riot squad.

As part of its plan to beef up the riot-police equipment, the NPA will import a large number of water canon vehicles. At present, the police has just two of them. New portable tear-gas canisters with a shooting range of 15 to 17 meters will be introduced in large numbers to help riot troops fight against demonstrators armed with iron pipes and other weapons. The current batons will also be replaced with longer ones.

#### Kim Tae-chung, DP Officials Hold Meeting

SK1911013694 Seoul *YONHAP* in English 0044 GMT 19 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 19 (YONHAP)— Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, had a breakfast meeting Saturday with supreme council members of the opposition Democratic Party (DP) at the Choson Hotel in downtown Seoul.

A peace foundation official said Kim requested that the DP cooperate in the foundation's holding of an Asia-Pacific democratic leaders' conference on Dec. 1-2 which will draw many foreign lawmakers.

It is not known whether any political issues, including the indictment of those involved in the Dec. 12 "coup d'état-like incident," were discussed at the breakfast meeting. Having urged the government to indict key players in the incident, the DP is boycotting the National Assembly plenary session.

The peace foundation official stressed, however, that no political significance should be attached to the meeting.

#### **Opposition Party Continues Boycott of Assembly**

*SK1911051394 Seoul YONHAP in English 0432 GMT  
19 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 19 (YONHAP)—The main opposition Democratic Party (DP) will continue boycotting the current National Assembly session to protest the government's decision not to indict those involved in the Dec. 12, 1979, incident until Dec. 11, when the statute of limitations on the case expires, party officials said Saturday.

The DP will then return to parliament to deal with next year's national budget and other bills regardless of whether President Kim and DP chairman Yi Ki-tae meet or not, according to the officials.

The opposition party has decided to urge the ruling Democratic Liberal Party (DLP) and Chongwadae to accept an offer for a Kim-Yi summit without prior conditions to discuss the prosecution's decision not to indict figures in the Dec. 12 incident.

The DP has drawn up a strategy of not making an alternative offer other than demanding indictment should the summit be held, the officials said.

It could find a reason for stopping its boycott and returning to parliament when the statute of limitations on the case expires Dec. 11 because its objective will have disappeared by then, they said.

The opposition's struggle against the government decision on non-indictment will be recorded by history, which will duly note that the DP did its best until the statute of limitations ran out, said the officials.

The opposition party will, however, continue to take issue with the incident in connection with the May 18, 1980, incident, in which the military brutally crushed a popular uprising during local election campaigning early next year, they said.

But it will not stage a campaign calling for the Kim administration to step down because it has judged that this would not be appropriate.

Yi had earlier said, "any summit meeting will have to serve as an occasion to correct history by rescinding the prosecution's decision not to indict the Dec. 12 rebels."

#### **Ruling, Opposition Parties Favor Kim-Yi Summit**

*SK191105194 Seoul YONHAP in English 0516 GMT  
19 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 19 (YONHAP)—The ruling and opposition parties are edging toward a summit early next week between President Kim Yong-sam and Democratic Party (DP) leader Yi Ki-tae to end their confrontation over the military incident of 1979.

Both parties share the view that a breakthrough in the current impasse can be found through Kim-Yi talks after the president returns from Australia Saturday.

First State Minister for Political Affairs So Chong-won told a postholders' meeting of the ruling Democratic Liberal Party (DLP) Saturday that he will contact the DP over the weekend to arrange the summit.

So revealed that the DP has expressed its willingness to accept if the ruling party proposes a meeting.

He also told the meeting that the opposition party has withdrawn its previous demand that the prosecution indict those involved in the 1979 "military rebellion."

President Kim is scheduled to summon administration, legislative and judicial leaders including DP Chairman Yi to Chongwadae [presidential offices] Monday to explain his latest overseas trip.

After the Chongwadae meeting, the ruling party will reportedly arrange a separate session between Kim and Yi.

DLP Spokesman Pak Pom-chin hinted at this possibility, saying that "after President Kim explains his recent summit diplomacy, there may be a meeting between Kim and Yi."

The DP stands ready to respond favorably to the one-on-one meeting between its leader and the president as Chairman Yi has said he would not turn down a summit with President Kim if it addressed the Dec. 12 incident.

#### **'Stumbling Toward Quagmire'**

*SK221103094 Seoul YONHAP in English 0246 GMT  
22 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—The ruling and opposition parties are stumbling toward a political quagmire over the issue of the 1979 military "rebellion."

They have already begun to take separate action, amid few signs of compromise and dim prospects for an immediate meeting between President Kim Yong-sam and opposition Democratic Party (DP) Chairman Yi Ki-tae to seek a breakthrough.

The ruling Democratic Liberal Party (DLP) is determined to convene the National Assembly without the opposition party while the DP is intensifying its extra-parliamentary activities.

At a high postholders' meeting Tuesday, the DLP reaffirmed its earlier stand that it cannot arrange a Kim-Yi summit as long as the DP continues to demand a political solution to the Dec. 12 "coup d'etat-like" incident.

DLP spokesman Pak Pom-chin pointed out that the military incident is not a political issue, saying that unless the DP changes its attitude, any summit talks will be impossible.

The ruling party is about to convene the Assembly plenary session Tuesday afternoon to end the temporary recess and refer 61 bills to standing committees for deliberation.

However, Assembly speaker Hwang Nak-chu is still seeking a last-minute compromise between the parties before the DLP forces unilateral operation of the Assembly.

If the plenary session is not convened Tuesday, the ruling party stands ready to open the standing and budget-settlement panels from Wednesday to deliberate next year's budget bill and other major legislation so that they are resolved by the Dec. 2 deadline.

On the other hand, the DP is having difficulty adjusting its strategy as party members argue over the best future course of action.

DP Chairman Yi was to convene a Supreme Council meeting to reaffirm that his struggle should continue against the prosecution's decision not to indict those involved in the military incident, but some council members insisted on "a more effective struggle"—even participation in the parliamentary session.

DP spokesman Pak Chi-won said Chairman Yi was adamant about going ahead with stronger extra-parliamentary action against the prosecution decision, while other Supreme Council members demanded dual activities in and outside the National Assembly.

The Supreme Council meeting also decided to send DP floor leader Sin Ki-ha to contact house speaker Hwang and his DLP counterpart Yi Han-tong, urging them not to operate the parliamentary session unilaterally.

#### Audit Board Uncovers Tax Scandal in Puchon

SK2211025894 Seoul YONHAP in English 0146 GMT  
22 Nov 94

[FBIS Transcribed Text] Puchon, Kyonggi Province, Nov. 22 (YONHAP)—A tax scandal as shocking as the one uncovered in Inchon City months ago has been detected in a recent Board of Audit and Inspection (BAI) examination of the accounts of Puchon City.

During its inspection of the Puchon City Administration and three ku (ward) offices between Sept. 26 and Nov. 19, the BAI initially found that tax collectors had embezzled local taxes totaling no less than 2.1 billion won (2.6 million U.S. dollars), according to BAI and Puchon City officials Monday.

Four tax collectors fabricated sham tax receipts by affixing false seals to tax receipts in a conspiracy with law agents licensed to pay local taxes for taxpayers to steal the city's tax revenues, the same method that was used in the Inchon tax scam.

The four tax collectors and an employee of a law agent's office have disappeared with the scam-related documents since the BAI auditing started in late September.

The five are Pak Chong-hwan, 37, of Puchon City, Kim Hong-sik, 36, and Kim Chong-ho, 32, of Ojong-ku, Yi Pyong-hun, 32, of Wonmi-ku and a certain Miss Hwang, the daughter of a law agent.

When they show up for investigation, the stolen tax revenues could reach as high as 10 billion won, equal to the amount stolen in the Inchon tax scandal, considering that the embezzled amount initially detected was 2.1 billion won.

Puchon City did not inform the prosecution of the four tax collectors' disappearance, along with their documents, for over a month and is thus being blamed for their flight in attempting to minimize the scandal.

All of the tax collectors who absconded are known to own real estate worth hundreds of millions to billions of won in Inchon and Puchon.

Puchon City Mayor Cho Kon-ho filed for retirement on the early retirement plan Tuesday last week, while the four missing tax collectors were sacked the same day.

#### Exit Ban Placed on Participants

SK2211032394 Seoul YONHAP in English 0254 GMT  
22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—The Board of Audit and Inspection (BAI), currently examining the tax revenue records of Puchon City, said Tuesday it had taken steps to prevent 12 tax collectors and law agents involved in the city's tax scandal from leaving the country on eight occasions last month.

But Pak Chong-hwan, 37, of City Hall, one of the chief culprits, slipped out of the country and on to Hong Kong on Oct. 12, two days before such action was taken, it added.

A BAI official said the stolen tax revenues in the scandal would be less than the amount embezzled in the Inchon City scandal months ago.

The BAI will announce the results of its special inspection into local tax revenues, which started in September following the revelation of the Inchon tax scam, in the middle of next month.

In a related development, the Inchon Public Prosecutor's Office decided Tuesday to conduct a preliminary probe of the Puchon City tax scandal to prepare for a formal investigation that will start as soon as the BAI apprises it of the scam.

In its preliminary probe, the office will focus on the whereabouts and property of those suspected of being involved in the scam and the whereabouts of the city's missing local tax revenue-related documents from 1991-94.

The office also asked the Justice Ministry Tuesday to impose an exit ban on eight Puchon tax collectors and five law agents found by the BAI to have embezzled tax revenues totaling 2.1 billion won.

### Investigation of 1980 Kwangju Incident Begins

*SK2211070494 Seoul YONHAP in English 0638 GMT  
22 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—With the prosecution starting to investigate lawsuits against those involved in the 1980 Kwangju incident Monday, attention is focusing on the direction the probe will take and its eventual outcome.

Lodged with the Seoul district prosecutor's office are three suits involving the May 18, 1980, Kwangju incident. One, filed in May by 322 victims of the incident and over 31,000 citizens, charges former Presidents Chon Tu-hwan and No Tae-u, incumbent Army Chief of Staff Gen. Kim Tong-chin and 32 others for insurrection and homicide for the purpose of rebellion. The accused are Army officers who took part in suppressing the Kwangju civil disturbance holding the rank of battalion commander and above.

In another complaint filed on Oct. 28, 29 lawmakers affiliated with the main opposition Democratic Party's democratic reform group charge Chon and No and 21 members of the then-special committee for national security measures with insurrection. They assert in the lawsuit that it was unconstitutional for the then military junta to have enacted or revised laws through the "special committee for national security measures," established in May 1980.

The third complaint was filed by 22 persons implicated in the "Kim Tae-chung-attempted rebellion case," including former Deputy Prime Minister and Unification Minister Han Wan-sang. They have also accused Chon and No and eight others of insurrection, maintaining that the Kwangju incident was masterminded by the military junta as a means of eliminating Kim Tae-chung.

With respect to the first complaint, jointly signed by over 31,000 people, the prosecution plans first to question three or four representatives of the accusers.

To be summoned for questioning as representatives are Chong Tong-yon, chairman of the May 18, 1980, Kwangju masses struggle federation, and pastor Kim

Sang-kun, joint representative of "the national committee for inquiring into the truth of the Kwangju incident and succeeding to the spirit of the Kwangju struggle."

Regarding the case involving the special committee for national security measures, the prosecution plans to summon one or two of the accusers sometime next week.

The focus of the prosecution investigations of the three lawsuits involving the Kwangju incident is undoubtedly whether to acknowledge the charges of insurrection.

The complainants assert that the Kwangju incident was a massacre of citizens perpetrated for a rebellion, and that the objective of insurrection was fulfilled when then-President Choe Kyu-ha was forced to step down by the military junta on Aug. 16, 1980.

Prior to making a legal judgement, the prosecution intends to concentrate on ascertaining the facts for the time being.

Being looked into by the prosecution are how troops were deployed to Kwangju city, clashes between troops and armed civilians, the progression of events leading to firing, and the process of President Choe's resignation.

The prosecution in July asked the military prosecution to investigate 12 of the 35 defendants, who are on active military duty. The prosecution also asked the military prosecution to examine detailed combat reports and operations logs involving the Kwangju incident.

The legal deadlines for taking action on the three suits differ. Prosecution officials agree in general that the statute of limitations for the May 18 case, lodged by thousands of people, falls on Aug. 15, 1995, that for the special committee for national security measures case on April 9, 1996, and that for the Kim Tae-chung attempted rebellion case on Jan. 22, 1996.

The statute of limitations for the first suit is figured from Aug. 16, 1980, when then-President Choe stepped down, that for the second suit from April 10, 1981, when the special committee for national security measures was dissolved, and that for the third suit from Jan. 23, 1981, when the Supreme Court handed down its verdict on the case.

The military prosecution plans to question the 12 active-service officers as soon as it receives results of questioning of the accusers from the Seoul district prosecutor's office.

As the military regards a regiment and above as a military unit, its investigations are expected to focus on the role played by Army Chief of Staff Kim Tong-chin, who was the only regimental commander during the Kwangju incident.

The other 11 defendants were all battalion commanders at the time, who acted upon orders issued by their superiors. Accordingly, they are likely to be cleared of all charges.

The military prosecution estimates it will take over a month to complete the investigation of over 70 witnesses who were company-grade officers at that time. It is thus likely that the military prosecution will initiate earnest investigation of the 12 military officers early next year.

#### Military Plans To Probe Officers

*SK2111014394 Seoul YONHAP in English 0136 GMT  
21 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—Some 90 active-duty officers who were deployed to put down the May 18 democratic movement in Kwangju in 1980, including Army Chief of Staff Gen. Kim Tong-chin, will be questioned by the military prosecution in connection with complaints filed against the military's suppression of the pro-democracy movement starting from next month.

Those to be probed, 12 of them in their capacities as the accused and the remaining as witnesses, were then serving as field- or company-grade officers mobilized to suppress the democratic movement in Kwangju city after the government proclaimed martial law nationwide, banning all political activities.

They were selected from among the officers who served as company or battalion commanders in the Third, Seventh and 11th Airborne Brigades and the 20th Military Division.

The military prosecution satisfied a request by the Seoul District Prosecutor's office, which is currently investigating charges brought against the people allegedly involved in the harsh suppression of the democratic movement.

The military prosecutors will focus on how they were deployed to Kwangju city, the circumstances of their clash with citizens and how they opened fire.

#### Central Bank Tightens Total Money Supply

*SK1911041294 Seoul THE KOREA HERALD in English 19 Nov 94 p 8*

[FBIS Transcribed Text] The Bank of Korea has tightened its reins over the total money supply, pushing up interest rates.

Meanwhile, the won rose to the year's high against the dollar yesterday for the third straight day, while stock prices closed lower.

The central bank began to strengthen its control over the total money supply (M2) Wednesday as bank loans

flowed into the recent bidding for Korea Telecom shares, surpassing the target M2 level of 14.5 percent.

The yield on three-year bank-guaranteed corporate bonds soared 0.03 percentage points from the previous day to 13.85 percent yesterday, the highest level so far this year.

The overnight call rate jumped 3.6 percentage points from Thursday to 18.4 percent per annum yesterday.

The Korean won closed to the year's high against the dollar yesterday for the third straight day, threatening to break the 795 won exchange rate barrier in the days to come.

The value of the won, which once dropped to 796.20 won against the dollar at the midday trading yesterday, surged to 795.80 won. the won closed at 795.90 won.

Stock prices lost ground with the composite stock price index closing at 1118.44 points yesterday, down 2.19 points from the previous day.

#### Reports on Trade Deficit

*SK2111011494 Seoul YONHAP in English 0108 GMT  
21 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—As the end of the year draws near, South Korea's trade deficit is unlikely to show much improvement.

The Bank of Korea said Monday that the trade deficit was 7.39 billion U.S. dollars for the Jan. 1-Nov. 17 period, up 114 percent from the same period in 1993 and 4.8 times higher than last year's annual deficit of 1.54 billion dollars.

Noteworthy is that the monthly balance of payments was in the red from January to August before moving into the black from September to December last year, while it is not following a similar pattern even at year-end this year.

The reason is that the growth rate of imports is exceeding that of exports, although the latter is high, bank officials said.

Nov. 1-17 shipments came to 4.14 billion dollars, up 32.3 percent over the same period in 1993, while imports totaled 5.69 billion dollars, up 33.2 percent from a year earlier.

Jan. 1-Nov. 17 exports amounted to 80.4 billion dollars or 97.8 percent of last year's total exports and imports to 87.8 billion dollars, up 4.8 percent from annual imports last year.

**Burma****UN Envoy, Delegation Begin Official Visit****Delegation Arrives**

*BK2111025494 Rangoon Radio Myanmar in Burmese 1330 GMT 20 Nov 94*

[FBIS Translated Text] Mr. Rafiuddin Ahmed, representative of the United Nations secretary general and assistant secretary general, has arrived in Yangon [Rangoon] by Myanmar Airways International plane this evening to visit Myanmar [Burma] as guest of the foreign affairs minister, U Ohn Gyaw. The UN assistant secretary general was welcomed by U Ohn Gyaw, foreign minister; U Nyunt Swe, deputy foreign minister; Mr. Douglas Wagner, resident representative of the United Nations Development Program; and responsible officials at the Yangon International Airport.

**Foreign Minister Meets Envoy**

*BK2211031194 Rangoon Radio Myanmar in Burmese 1330 GMT 21 Nov 94*

[FBIS Translated Text] Mr. Rafiuddin Ahmed, representative of the UN secretary general and UN under secretary general, currently in Yangon [Rangoon], called on Foreign Minister U Ohn Gyaw at the Foreign Ministry Annex at 1030 today. They held frank and cordial discussions on mutually beneficial matters.

Joining Minister U Ohn Gyaw at the meeting were Deputy Foreign Minister U Nyunt Swe and responsible personnel of the Foreign Ministry. Mr. Rafiuddin Ahmed, representative of the UN secretary general and UN under secretary general, was accompanied by Mr. (Francis Bindra), director of the Division of East Asia and Pacific Region of the UN Political Affairs Department, and Miss (Zin Aung Htoo), in charge of Myanmar [Burmese] affairs in the Political Department.

**Chief Justice Receives Visitors**

*BK2211031494 Rangoon Radio Myanmar in Burmese 1330 GMT 21 Nov 94*

[FBIS Translated Text] Chief Justice U Aung Toe received Mr. Rafiuddin Ahmed, representative of the UN secretary general and UN under secretary general, and two members of the delegation at his guest room at 1500 on 21 November. Similarly, Deputy Attorney General U Khin Maung Aye received Mr. Rafiuddin Ahmed and the two delegates at his office at 1400 today.

**Foreign Minister Opens Talks With PRC Team**

*BK1811153094 Rangoon Radio Myanmar in Burmese 1330 GMT 18 Nov 94*

[FBIS Translated Text] The Myanmar [Burma] Institute of Strategic and International Studies [MISIS] organized a roundtable meeting at the Ministry of Foreign Affairs

annex at 1030 today. U Ohn Gyaw, chairman of the MISIS and minister of foreign affairs, opened the meeting with a speech. After the opening address, Mr. Wan Guoquan, vice president of the Chinese Association for International Understanding and vice chairman of the National Committee of the Chinese People's Political Consultative Conference, delivered an address. The participants of the meeting held frank and cordial discussions on developments in Myanmar and the PRC.

**Tin U, Delegation Return From PRC, Singapore**

*BK1811010394 Rangoon Radio Myanmar in Burmese 1330 GMT 17 Nov 94*

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and commander in chief of the Defense Services, welcomed back a Myanmar [Burmese] delegation led by Lieutenant General Tin U, SLORC secretary-2 and Army chief of staff, as they returned from a goodwill visit and study tour of the PRC and the Republic of Singapore at Yangon [Rangoon] International Airport at 1530 this evening.

Welcoming back the delegation along with SLORC Chairman Sr. Gen. Than Shwe were General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and Army commander in chief; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, both SLORC members and deputy prime ministers; Lt. Gen. Khin Nyunt, SLORC secretary-1; SLORC members; ministers; senior military officers; PRC Ambassador Mrs. Chen Baoliu; Singapore Ambassador Mr. Calvin Eu Mun Hoo; and responsible personnel.

SLORC Secretary-2 Lt. Gen. Tin U is being accompanied by Lt. Gen. Maung Hla, SLORC member and military appointments general, and senior military officers from the Defense Ministry.

**Malaysian Defense Chief Meets Maung Aye**

*BK2111153994 Rangoon Radio Myanmar in Burmese 1300 GMT 21 Oct 94*

[FBIS Translated Text] General Tan Sri Borhan Bin Haji Ahmed, Malaysian commander in chief of the Defense Forces, and members of his delegation who are currently in Myanmar [Burma], called on Gen. Maung Aye, vice chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar, deputy commander in chief of the Defense Services, and commander in chief of the Army; at the Ministry of Defense's Dagon House at 1600 today.

Together with Gen. Maung Aye at the meeting were Vice Admiral Than Nyunt, commander in chief of the Navy; Lt. Gen. Thein Win, commander in chief of the Air Force; Lt. Gen. Khin Nyunt, Chief of the Office of the Strategic Studies and director of the Directorate of Defense Services Intelligence; Lt. Gen. Tin U, chief of

staff of the Army and chief of the No.1 Bureau of Special Operations; and Major General Tin Ngwe, chief of staff of the Air Force.

At night, Gen. Maung Aye hosted a dinner in honor of the goodwill delegation led by Gen. Tan Sri Borhan Bin Haji Ahmed at the Defense Services' Guest House.

#### Repatriations From Bangladesh Reported

BK1811073394 Rangoon Radio Myanmar in Burmese  
0630 GMT 18 Nov 94

[FBIS Translated Text] Under the agreement reached between Myanmar [Burma] and Bangladesh on the repatriation of those who left Myanmar for Bangladesh illegally, a team of camp officials from Bangladesh accompanied 909 persons from 179 households who were repatriated to our reception center on 15 November.

#### Delegate Groups Prepare Proposal Reports

BK2211094194 Rangoon Radio Myanmar in Burmese  
1330 GMT 21 Nov 94

[FBIS Translated Text] A coordination meeting of the Panel of Chairmen of the National Convention delegate group representing peasants was held at 1000 today in Meeting Room No. 7. The meeting scrutinized and discussed the proposal report of the peasants delegate group on the constitution chapter dealing with judiciary matters. The proposal report will be presented at the National Convention plenary session. The meeting ended at 1105 after a decision to present the proposal report on the chapter on administration for panel discussion and endorsement at 0930 on 29 November.

The meeting of the group representing public service personnel was held at 0930 today in Meeting Room No. 2. Following opening remarks by U Khin Maung Htoo, delegate from the Ministry of Transport, U Aung Min of the Yangon [Rangoon] City Development Committee and U Ant Maung of the Ministry of Religious Affairs submitted the proposal paper on the chapter on administration. The paper was compiled by six public service personnel delegates from Hostel No. 11. Following opening remarks by the alternate chairman, the meeting ended at 1030. The coordination meeting of the Panel of Chairmen of delegate groups was scheduled for 0930 on 22 November and the meeting of the delegate group representing public service personnel was set for 0930 on 23 November.

The meeting of the group representing special invitees was held at 1000 today in Meeting Room No. 2. Following opening remarks by the alternate chairman, retired Ambassador U Ko, the proposal paper on the chapter on judiciary matters was presented by Dr. Maung Maung Sein, retired medical superintendent of the mental hospital. The meeting recessed at 1125.

When the meeting resumed at 1300, proposal papers on the judiciary chapter were submitted by U Saw Tun Sein,

a veteran; Dr. Tin Tin Hmun, chairman of the Myanmar [Burma] Maternal and Childcare Association; and U Saw Hla Tun, a school teacher from Chaung-u, Sagaing Division. The proposal paper on the chapter regarding legislative, administrative, and judiciary matters was presented by retired Ambassador U Pe Khin. The meeting recessed at 1415.

When the meeting resumed at 1445, the chapter on administration was read by Dr. Maung Maung Sein. Following closing remarks by the alternate chairman, the meeting ended at 1605. The next meeting was scheduled for 0930 on 22 November.

The meeting of the delegate group representing political parties was held at 1000 today in Meeting Room No. 5. Following opening remarks by U Li Kwe Chin of the Shan State Kokang Democratic Party, the proposal report of the Union Pa-o National Organization on the chapter dealing with the legislature was presented by U Hkun Sein Win.

The proposal paper of the National League for Democracy on the chapter dealing with the legislature was presented by U Aung Shwe. The proposal paper of the Mro, or Khami National Solidarity Organization, was read by party representative U Maung Maung Htwe. The papers were then submitted to the Panel of Chairmen.

U Sai Aik Paung of the Shan National League for Democracy, U Hkaung Daing of the Shan State Kokang Democratic Party, U Kyar Shi of the Lahu National Development Party, U Khin Maung Aye of the Kokang Democracy and Unity Party, and U Marcos alias U Sai Lon of the Wa National Development Party informed the meeting that their respective parties would present a proposal paper to the Panel of Chairmen on 30 November. Following opening remarks by the presiding chairman, the meeting ended at 1030. The panel discussions were scheduled for 1000 on 29 November.

The coordination meeting of the Panel of Chairmen of the delegate group for elected representatives was held at 1000 in Meeting Room No. 4. U Soe Myint alias Thakin Soe Myint, elected representative from Yangon [Rangoon] Division's South Okkalapa constituency-1, submitted to the Panel of Chairmen the proposal paper for the chapter on legislature compiled by elected representatives of the National League for Democracy.

The members of the Panel of Chairmen scrutinized the proposal papers submitted by the political parties. The meeting ended at 1100 after panel discussion was scheduled for 1000 on 25 November.

#### Karen Rebel Attack Kills Three 18 Oct

BK2211031294 Rangoon Radio Myanmar in Burmese  
1330 GMT 21 Nov 94

[FBIS Translated Text] Members of the Karen armed group in the jungle fired and threw a hand grenade at villagers in Laphet Village, Liek-Usaung Village Tract,

Palaw Township, Tenasserim Division at 1830 on 18 October, during the Thadingyut celebration. The explosion killed three villagers and injured seven.

In connection with this incident, a ceremony to denounce the rebels was held at the Palaw Town Hall on 30 October. About 2,000 people, including Lieutenant Colonel Khin Maung Myint, commander of the Local Battalion; Defense Services personnel; members of the Palaw Township Law and Order Restoration Council; township-level senior departmental officials; members of the Union Solidarity and Development Association; local residents from five townships; and members of the Red Cross Brigade and Fire Brigade attended the ceremony.

#### **'Experts' Say Germ Warfare Used on Karen Rebels**

*MS2011150094 London THE SUNDAY TIMES in English 20 Nov 94 p 28*

[Report by Jon Swain: "Burma Accused of Germ Warfare Attack on Rebels"]

[FBIS Transcribed Text] Experts are investigating reports from Burma that the military government, known for its brutal counter-insurgency techniques, is using weather balloons to spread lethal bacteria in the countryside in its war against the Karen rebels.

The reports first came to light in Thailand earlier this year when the Canadian embassy in Bangkok heard accounts from villagers in the rugged eastern part of Burma of balloons and polystyrene boxes being dropped from aircraft around their villages. One witness reported seeing a balloon stuck in a tree leaking a foul-smelling liquid. Villagers blamed the phenomenon for an epidemic of cholera that has claimed hundreds of lives.

On a visit to the region Baroness Cox, deputy speaker of the House of Lords, was handed one of the devices that villagers said had been attached to a balloon and brought it back to London for tests, which so far have shown no trace of toxins.

Reports that Burma has resorted to germ warfare in its bid to crush the rebels are being used by human rights groups to criticise the Foreign Office, which recently reversed its policy on Burma, citing encouraging signs of reform: Aung Suu Kyi, the Nobel peace prize-winning democracy activist being kept under house arrest held two meetings with military leaders in September and October.

The shift in British policy coincides with efforts to promote bilateral trade as Burma experiences something of an economic boom despite years of isolation. A "British week" was organised in the capital recently to promote trade.

In parliament last week, Cox questioned why British firms were courting Rangoon when the Burmese army

was apparently carrying out germ warfare and violations of human rights against the Karen. The Karen supported the British against the Japanese during the second world war.

The device she had been handed by officials of the rebel Karen National Union was an American "radiosonde", intended for use with helium weather balloons. The manufacturer said it was part of a batch it had sold to the king of Thailand's Royal Rainmaking Institute. The mystery recalled American allegations at the height of the cold war that Vietnam was using a rare kind of fungal toxin in Laos called "Yellow Rain". Three years later, scientists reached the extraordinary conclusion that the substance was bee excrement.

Martin Panter of Christian Solidarity International (CSI), a human rights group of which Cox is a member, said if the Burmese had been using the device in germ warfare, it was entirely credible that they would choose cholera, a disease endemic to tropical Asia.

According to Po Thaw Da the Karen's top medical officer, the Burmese government views germ warfare as an effective counter-insurgency technique. The Karen's case against Burma was strengthened when it emerged last week that over the past decade 15 Burmese army officers underwent training in bacteriological and chemical warfare at Sonthofen military academy in the former West Germany.

The issue is certain to plague the Burmese regime for months to come. Calling for an international inquiry, the CSI said last week that the Burmese junta had "serious questions to answer given the consistency of the circumstantial evidence that it had engaged in germ warfare."

#### **Brunei, Malaysia & Singapore**

##### **Malaysia**

#### **Commentary Calls for Greater U.S. Investment**

*BK211131694 Kuala Lumpur Voice of Malaysia in English 0810 GMT 21 Nov 94*

[Station commentary]

[FBIS Transcribed Text] American presence in trade and investment in Malaysia is largely confined to a narrow segment of the economy. U.S. investment is mainly in the production of nautical and electronic components. The trade volume is rather high, but much of the value is taken up by the [word indistinct] of their craft.

On closer examination, it is disturbing to note that the United States has yet to make an impact over a broad cross section of the Malaysian economy. In contrast, the Japanese, Taiwanese, British, German, and French have made their presence felt in numerous sectors, which brings to question whether American companies have lost out to the other competitors. The answer could

perhaps be found in the lack of focus and information on this region, including Malaysia.

But all this is set to change with what is apparent now is Washington's keenness to enhance trade and investment with Malaysia. This was clearly evident from U.S. Secretary Ron Brown's first official visit to Kuala Lumpur last week who sought a fair deal for U.S. firms tendering for contracts here.

As far as Malaysia is concerned, it practices an open system when considering tenders for international projects, especially those pertaining to infrastructure. Given the [word indistinct] of this sector, the time is right for American companies to seek an active participation in the economic development of Malaysia.

The Kuala Lumpur International Airport at Sepang is just one of the many mammoth projects that need international expertise. This is an area the U.S. companies should take advantage of. Power, telecommunication, and high technology projects are among other lucrative areas. American companies could have been slow in coming here possibly due to a lack of knowledge on the actual trade and investment potential Malaysia has. It is encouraging to note, however, that the U.S. Embassy here and the U.S. [word indistinct] ambassador have taken steps to boost American investment in the region, including Malaysia. As a result of the annual ambassador's tour, more and more American chief executives are focussing their attention here. This is a good sign, for it will pave the way for Malaysia-U.S. commercial linkages to encompass a wider spectrum. However, American companies must realize that Malaysia is looking for investment which can facilitate transfer of technology. This is in line with Malaysia's quest to become an industrialized nation by the year 2020. It is hoped with better Malaysia-U.S. economic relations, America would look to Malaysia in a more positive light. Here it is important that the US plays a positive role in encouraging liberal trade and not use social causes as a Trojan Horse or ploy for protectionism. Malaysia is all for trade not hampered by artificial barriers and it is keen to have good and positive ties with the U.S. The stage has been [as heard] for what could be the beginning of better things to come in trade and investment relations between Malaysia and the US.

#### Mahathir on Conditions for Recognition of Israel

BK211103194 Kuala Lumpur NEW SUNDAY TIMES in English 20 Nov 94 p 8

[FBIS Transcribed Text] Kuala Lumpur, Sat.—Efforts to establish diplomatic relations between Malaysia and Israel have met with a setback following the Jewish state's action at the UN General Assembly in voting against the right of the Palestinian people to self-determination.

Prime Minister Datuk Sri Dr. Mahathir Mohamed said today the conditions for Malaysia to recognise Israel

have not been met since the Palestinian people have not obtained their freedom. He said the step taken by Israel and the United States in voting against the motion showed that the two countries were not very sincere in freeing Palestine.

"That is why we cannot recognise Israel yet," he told a press conference at the end of the second day's proceedings of the UMNO [United Malays National Organization] General Assembly at Putera World Trade Centre here.

Dr. Mahathir was asked to comment on the action of the U.S. and Israel to vote against the right of the Palestinian people to self-determination at the General Assembly's Social, Humanitarian, and Cultural Committee on Thursday.

They were the only countries which cast the negative votes as the UN committee reaffirmed with a big majority to give the Palestinians their right. The voting saw 124 countries agreeing, while 27 abstained.

The resolution now goes to the assembly plenary where it is certain to be endorsed.

Dr. Mahathir said Malaysia had always believed that the Palestinian people should be given the right to self-rule.

"The full conditions to recognise Israel have, therefore, not been met," he added.

#### Mahathir Labels Opposition Party 'Time Bomb'

BK1811140394 Kuala Lumpur Voice of Malaysia in English 0800 GMT 18 Nov 94

[FBIS Transcribed Text] Datuk Sri Dr. Mahathir Mohamed has described the opposition party PAS [Pan Malayan Islamic Party] as a time bomb left by the British colonialists for the Malays. The UMNO [United Malays National Organization] president said the approval of the name PAS or Parti Islam se Malaya meaning Pan Malayan Islamic Party was given by the British during the colonial era. He said this in response to calls to prohibit PAS from using the word Islam in the name of the political party.

Datuk Sri Dr. Mahathir said this when opening the annual UMNO General Assembly in Kuala Lumpur. He said about 1,894 delegates are attending the three-day assembly. The prime minister added the British definitely practiced the divide-and-rule policy. When UMNO was struggling for independence, the British administration approved the establishment of PAS, which opposed the (?call) for independence.

#### Commentary Hails Banking Venture With Indonesia

BK191112394 Kuala Lumpur Voice of Malaysia in English 0810 GMT 19 Nov 94

[Station commentary]

[FBIS Transcribed Text] Malaysia and Indonesia took their bilateral ties to a higher ground when the private sector of both countries concluded some significant deals recently. Malaysia's largest bank, Malayan Banking Berhad [Maybank] joined hands with PT [Private Limited] Bank Nusa International of Indonesia to form the joint venture. This is the first ASEAN joint venture between two banks. It marks a new chapter of financial cooperation between the two neighbors.

It was a historic venture for it was the first joint venture bank established linking a Malaysian and an Indonesian bank. With the pact, Maybank would be able to bring to Indonesia some of its expertise in banking and financial services. It is hoped that this would help to increased and investment flows between the countries. Maybank's decision to venture into Indonesia is in line with the government's aspirations that the private sector look towards emerging economies, especially those in the region. Interest to trade and invest in Indonesia gained further momentum following the visit of Deputy Prime Minister Datuk Sri Anwar Ibrahim to Jakarta earlier this year. However, it is important that the bank assist the Indonesian corporate sector rather than just offering services to Malaysian investors and traders. It should, in effect, be contributing to the growth of Indonesia. More so, Indonesia's economy is growing at a rapid pace which offers opportunities to Malaysian investors. It is heartening to note that economic cooperation between them has gone beyond the government level to the private sector.

Economic cooperation between Indonesia and Malaysia has been expanding in the form of foreign direct investment. After March 1994, Indonesian companies have invested a total of \$1.23 billion in 43 Malaysian projects. In return, Malaysian companies have investment \$515.1 million in 49 Indonesian projects. Both governments realize the importance of effective cooperation in the ASEAN spirit and more so with the implementation of the ASEAN Free Trade Area, AFTA. By the time AFTA is formed, the bank would have had a head start in tapping the region's potential and financial services. Volume of trade between rose to \$1.758 billion in 1993 from \$752.1 million in 1989, which represents a growth of 130.7 percent. For Indonesia, to stimulate more investments each year, it has no alternative but to create a very conducive investment climate through deregulation measures. Deregulation of the investment policy will go a long way in improving the competitiveness of the business climate there.

Malaysia is ever ready to help develop further Indonesia's economy. Also, rather than producing the same products, Malaysia and Indonesia should seriously consider collaborating in efforts to strengthen their competitiveness in the international market. Malaysia and Indonesia are showing the right way how two neighbors can get together and maximize their economic potential for mutual benefit.

## Singapore

### Editorial Views Future Challenges Faced by APEC

*BK1811140594 Singapore BUSINESS TIMES in English 18 Nov 94 p 22*

[Editorial: "Push on With APEC 2020"]

[FBIS Transcribed Text] It is not easy to draw together 18 economies so diverse as the United States and Indonesia, Japan and Chile or China and Australia for a common purpose. The gaps between them are so wide that talking about shared economic interests has never been thought possible. But in Bogor this week, the leaders of the Asia Pacific Economic Corporation (APEC) decided to take the same road to free trade by 2020. The industrial giants amongst them, such as the US, Japan and Canada, have set themselves an earlier date of 2010. After Bogor, the major powers of the region—the US, Japan and China—will have to come to terms with each other within the house of the Pacific family. They will from now open their markets to each other. As they open up, everyone who depends on international trade and investment will gain. If all the 18 leaders live up to their commitment, the result will be an explosion of opportunities.

The APEC train seems unstoppable. But it is still early days. Much work remains to be done to take the Bogor resolve beyond being just a display of intent. The leaders must prove from now on that they can live up to their commitments. President Suharto, as the man who made it possible, must ensure that the entire Indonesian economy will open up over the years, even after he has left the scene. President Clinton will have to do the same. So will Japanese Prime Minister Murayama. If they fail to sustain the momentum, the credibility of APEC as a grouping, for one, and the Bogor summiteers as statesmen, for another, will come under serious question. This is the reason that the third informal summit in Osaka, Japan will be critical.

The leaders now have to address many questions which the Bogor Declaration left vague or unanswered. What do they mean by "free and open trade"? Will the process of liberalisation involve reductions, or removals, of barriers? What about non-tariff barriers? Will the process cover only trade in goods, or services as well? When do they actually start and at what rates will the tariffs be slashed? Will APEC 2020 end up as a de facto trade bloc, despite the assurances given that this has never been the intention? How binding will the blueprint be, given that APEC is not a formal organisation like the European Union or ASEAN whose Free Trade Area, AFTA, is mandatory? And can the developing countries be assured that by 2020, their economies will not have been trampled underfoot by the march of the industrial giants of America and Japan?

The leaders may have left these issues aside for their ministers to tackle. But some of these concerns have

been raised within the privacy of the Bogor retreat and have been noted. Malaysian Prime Minister Mahathir Mohamed, at great risk to his own reputation, backed the 2020 deadline but stuck his neck out to be the only one to put these concerns down in writing. There is reason to believe that several other leaders of the developing economies shared his views, although they were not as vocal. Still, everyone in Bogor agreed to go for free and open trade. The region must now not hesitate but push on with APEC 2020.

### Economy Grows by 10.2 Percent in 3d Quarter

BK2111134194 Singapore THE STRAITS TIMES in English 18 Nov 94 p 1

[Report by Chan Sue Meng]

[FBIS Transcribed Excerpt] The Singapore economy grew by a higher-than-expected 10.2 per cent in the third quarter, bringing the Government's latest full-year growth forecast to 10 per cent, the top-end of what it had earlier projected.

The latest double-digit growth follows expansion rates of 11.8 per cent and 9 per cent in the first and second quarters respectively. But so far, the vigorous expansion, coupled with rising inflation, has rung no alarm bells at the Ministry of Trade and Industry [MTI] to signal an overheated economy.

Instead, government officials said Singapore should focus on improving its productivity growth to counter the effects of a stronger Singapore dollar and rising costs on its competitiveness.

Releasing the results of its Third Quarter Economic Survey yesterday, MTI noted that growth was broad-based.

Manufacturers kept up a robust 13.6-per cent growth, against 13.3 per cent in the second quarter, a performance which caught many analysts by surprise. The electronics sector, which slackened to a 23-per cent increase in output, compared to 26.5 per cent in the second quarter, was still the engine.

Construction was the star performer, with 15.5 per cent growth in the third quarter, up from 13.2 per cent in the previous quarter. Some [Singapore dollar] \$3 billion worth of construction contracts were awarded in the third quarter.

Sustained credit demand and a stronger stock market boosted the financial and business services sector's growth to 8.2 per cent, from 6.8 per cent in the second quarter.

However, the sunny picture was clouded with two main concerns. Several analysts and businessmen were worried that the Singapore economy may overheat after

seeing that the Consumer Price Index—a major barometer of inflation here—rose 3.9 per cent against 3.5 per cent in the second quarter and 3.2 per cent in the first. [passage omitted]

### Cambodia

#### Commentary Condemns Khmer Rouge Attack on Temple

BK2211103994 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 22 Nov 94

[Commentary: "We Cannot Fold Our Arms and Remain Indifferent to the Criminal Acts of the Khmer Rouge Rebels"]

[FBIS Translated Text] The 1995 dry season is less than a month away. This is a dry season during which the Khmer Rouge have calculated in advance that without all-out effort, they will surely face their doomsday. Everyone knows that their so-called all-out efforts also include forcing people in remote rural areas to carry ammunition, dig trenches, and make punji stakes for them. Sometimes someone is simply shot, as a means of frightening others.

All this is diametrically opposed to the efforts of the Royal Government of Cambodia [RGC]. During the beginning of this dry season, the RGC has reduced budget allotments to various sectors and used these budget cuts to help revive rice planting by peasants in many drought-stricken provinces to prevent famine next year. During this new dry season, the RGC will whip up a campaign to restore and repair irrigation networks damaged by the floods early this year so as to conserve water during the next monsoon.

Not only have the Khmer Rouge rebels been indifferent to these hardships, they have caused people much additional distress. Those living near the forests and mountains cannot look for vines and rattans because of the land mines and punji stakes planted by the Khmer Rouge. Any chance encounter with the Khmer Rouge results in people being kidnapped, suffering extortion, or being forced to serve as arms porters. As a matter of fact, the Khmer Rouge are intensifying their despicable crimes against innocent people in the countryside.

The Khmer Rouge are paying mere lip service when they say they love the nation and would do anything for the people. In reality, they are continuing the genocidal policy they experimented with from 1975 to late 1978.

In fact, the bandits fired at innocent people in the Vat Kaoh temple at around 2000 on 12 November. The resident monk had concluded his sermon and the curtain was going up on a theatrical performance. It should be noted that the Buddhist robe presentation ceremony at Vat Kaoh was organized by local worshipers without the participation of guests from Phnom Penh or any other

provinces. The same source revealed that there were more than the 23 casualties first reported in the Khmer Rouge attack, as the search for more victims had not been completed. Several residents of the village surrounding this temple claimed they had family members unaccounted for.

This report also said that the rebels attacking Vat Kaoh were made up of two teams of 20 men coming from two directions. The first attacked the congregation at the religious ceremony while the other was waiting outside to intervene if necessary. The rebels began the assault with four hand grenades thrown into the crowd. Then they cut people down with pistols and B-40's and, in a most barbaric manner, began to rob people of their belongings. Were these Buddhist devotees attending the ceremony their enemies? Was such an act the reflection of their so-called patriotic conscience?

People throughout the country have demanded earnestly that if the Khmer Rouge bandits continue their criminal activities, we must devise plans to cope with, counter, and contain them without further delay. So long as the Khmer Rouge rebels live, no one can say our people in the countryside have peace and happiness.

#### **Group of 48 Khmer Rouge Soldiers Surrenders**

*BK2211045894 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 21 Nov 94*

[FBIS Translated Text] During the second week of November, a group of 48 Khmer Rouge soldiers headed by Hem Sot, deputy division commander from Takeo Province, and belonging to a regiment based on [name indistinct] hills surrendered to authorities in Angkor Chey and Banteay Meas Districts, Kampot Province, asking to rejoin the national community in response to the appeal of the Royal Government. They brought along 30 assorted weapons and 10 Aicom and other walkie-talkies. The returnees also led authorities to unearth a cache of 15 other weapons.

At the same time, cooperation between our forces and authorities resulted in the unmasking of 20 enemy moles together with four weapons. In the same campaign, the 5th Division of our Khmer Royal Armed Forces uncovered 10 weapons and a television set and defused 23 mines.

#### **Army Operation Prompts More KR Defections**

*BK2211075794 Hong Kong AFP in English 0723 GMT 22 Nov 94*

[By Kevin Barrington]

[FBIS Transcribed Text] Sre Klong, Cambodia, Nov 22 (AFP)—Recent government operations against Khmer Rouge [KR] forces based around a highway to Cambodia's southern port of Sihanoukville have prompted some 36 guerrillas to defect, an army commander said.

The advances have also led to the capture of several guerrilla bases in the area, Colonel Moonh Chhundi said Monday.

The colonel said he had orders to carry out mopping-up operations against Khmer Rouge guerrillas based south of National Route 4, which runs from the capital to the country's only deep water port at Sihanoukville.

The United States has started work to renovate the highway, the colonel told AFP, and added that this was one of the reasons behind the latest moves against guerrillas in the area.

"We cannot allow the enemy to live south of the road if the US engineers are building up the road. We also have to prevent the Khmer Rouge from robbing travellers or kidnapping foreigners along the highway," he said.

Suspected Khmer Rouge guerrillas held up and later murdered two Britons and an Australian in April along the highway. The recent government pressure has prompted some 36 guerrillas, along with 60 family members, to defect and turn in 38 weapons, he said.

"It was remarkable because they came with weapons and several high-ranking officers," he said.

Recent defectors from nearby Kampot province had also passed on the message that the guerrillas would not be harmed, the colonel said. The colonel said his forces had killed 12 guerrillas, wounded four others and seized a variety of weapons in a series of attacks last week on Khmer Rouge jungle bases.

The government troops also seized communications equipment in a successful attack on the base of the guerrilla's regional boss, Commander Bith, the colonel said.

"This is the first time we reached his base," the colonel said, and explained that the government advances had been helped by "very good intelligence sources."

Lar Sok, a deputy division commander in the Khmer Rouge, said he and 35 of his men decided to defect because they lacked supplies and began to give up hope of a guerrilla victory.

"There is no sign that our struggle can succeed over the government forces," Lar Sok said.

"The high command orders us to fight, to increase guerrilla attacks two or even ten times, but we can't do it, we lack everything," he said.

In previous years, his men had received supplies from Khmer Rouge strongholds in the northwest of the country, but these sources were drying up, he said.

First Prime Minister Prince Norodom Ranariddh recently told reporters that there would be no major dry season offensives against the Khmer Rouge strongholds in the north and northwest of the country. Instead, he said, the government would concentrate on wiping out

small guerrilla bases scattered throughout the rest of the country and, at the same time, would try to encourage defections. Lar Sok endorsed that strategy.

"I don't think that the Khmer Rouge will defect unless they are under pressure and the government forces a fight," he said.

Lar Sok also questioned the revolutionary credentials of the movement he had joined for ten years.

"I know that there is a lot of business going on along the border and it is not part of political bargaining, it's like individual interest." "After ten years of struggle I think I am wasting my time," the 37-year-old commander said.

"I will not allow my three sons to be a soldier like me, I would prefer them to be officials," he added.

### KR Cabinet Claims Right To Continue Fighting

*BK2211040694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 21 Nov 94*

[("Press communique" issued by the Secretariat of the "Provisional Government of National Union and National Salvation" Cabinet on 21 November; place not given—read by announcer]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session on Monday, 21 November, under the chairmanship of His Excellency Khieu Samphan, prime minister and National Army minister, and with the participation of all its members. The cabinet heard reports presented by each ministry and discussed all aspects with a high sense of responsibility and persistency.

The participants had a clear view of the situation, adopted a position, and took a number of measures as follows:

I. Through their policy and concrete actions, it is evident that the United States, France, and Australia are colluding with communist Vietnam and the traitorous two-headed government to escalate communist Vietnam's genocidal war against Cambodia.

In Cambodia proper, they have clearly formulated their policy of intensifying fascist control, undermining national reconciliation, sabotaging peace, continuing to fan the flames of communist Vietnam's war of aggression, massacring the Cambodian people, and committing genocide against the Cambodian race through both a military war and a demographic war through the presence of the four million ethnic Vietnamese so they can scramble for interests in Cambodia at will.

To implement this archcriminal policy and strategy, communist Vietnam, the Western alliance, and the traitorous two-headed government have arranged their political and military forces as follows:

1. Politically, they do away with and remove those who want national reconciliation, peace, and an end to communist Vietnam's war and replace them with their out-and-out lackeys. For example, they removed Sam Rangsi and Prince Sirivut and replaced them with communist Vietnamese puppets Keat Chhon and Ing Huot.

2. They adopt one fascist law after another to oppose national reconciliation and suppress, arrest, and incarcerate students, intellectuals, and journalists in Phnom Penh, preventing them from talking or acting in anyway that challenges their warmongering policy.

3. They defend the four million Vietnamese forces already in Cambodia and open the border for more Vietnamese nationals to pour into this country like black ants.

4. The United States, France, and Australia have set up a military command in Phnom Penh and sent hundreds of military and civilian personnel to organize and train the two-headed government's army and police to the point that some U.S., French, and Australian military experts have been personally directing operations right on some major battlefields.

5. They have sent tanks, batteries, cannons, small arms, and ammunition for their lackeys, the two-headed government, to launch operations of wholesale massacre against Cambodians from the 17th dry season onward. In some areas, they have sprayed toxic chemicals to kill entire villages of peasants in the most barbaric manner. On some battlefields, they have used communist Lao and communist Vietnamese troops by the hundreds in collaboration with those of the two-headed government to launch military campaigns, especially at Preah Vihear.

In the region, they have made all kinds of provocations and created all kinds of excuses to incriminate other countries whose policy is to end the war in Cambodia and help this country achieve national reconciliation and peace. Besides, the United States is putting pressure on various countries despite their protest to let it set up an arms depot and military base from which to provide all types of armament and send their interventionist forces to continue to ignite the war in Cambodia and intimidate and bully the people of the region who disagree with its policy of war.

All of this shows that communist Vietnam, the U.S.-French-Australian alliance, and the traitorous two-headed government are not working to bring about national reconciliation and peace in Cambodia at all. Their only concern is to maximally rekindle communist Vietnam's war of aggression and genocide against Cambodia. They have not the slightest regard for the Cambodian people's human rights, humanity, and right to self-determination. They have no respect whatsoever for Cambodia's sovereignty or international norms and practices.

II. As criminals who continue to ignite the war to massacre the Cambodian people, commit genocide

against the Cambodian race, and sabotage peace both in Cambodia and the region, they must bear full and total responsibility for all past, present, and future consequences deriving from their policy of war and archcriminal strategy. The traitorous two-headed elements must bear full and total responsibility before the Cambodian nation, people, and history in their capacity as the out-and-out lackeys of communist Vietnam who are helping communist Vietnam and the United States, France, and Australia to continue the war to wholesale slaughter the Cambodian nation and people.

**III. In light of the UN Charter, international law, right to self-determination, and right to defend their sovereignty, the Cambodian people like the people of other countries in the world have the full and inviolate right to wage a struggle in all forms in order to protect their own lives and save and perpetuate the Cambodian nation and race.**

The four million ethnic Vietnamese who constitute the weapons in communist Vietnam's demographic war to wolf down and swallow Cambodia must be repatriated at all costs. The Cambodian people have the right to protect their own sovereignty and also the right to act like the Australian Government in expelling Vietnamese from their country. Anyone who colludes, either directly or indirectly, with communist Vietnam and the traitorous two-headed government to continue igniting communist Vietnam's war to massacre the Cambodian people and commit genocide against the Cambodian race must bear full and total responsibility for his war crimes. The entire Cambodian nation and people and the PGNUNS have no greater desire than to have national reconciliation and rally national forces from all political tendencies under a truly national government so Cambodia can enjoy peace and communist Vietnam's war of aggression can be ended once and for all and so Cambodia has a chance to rebuild the country and establish good relations with all people and countries the world over.

Monday, 21 November 1994  
The Secretariat of the PGNUNS Cabinet

#### KR Radio Claims Government Using Helicopters

*BK2111142794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 21 Nov 94*

[FBIS Translated Text] According to reports from the west and east of the Route 68 battlefield, since 17 November the two-headed government has used three helicopters recently bought with funds from the Western alliance to fire at and bomb our people's villages in areas west of Route 6 and west and east of Route 68. As a result, hundreds of houses as well as paddy and rice belonging to our people have been completely burned. On average, 10-20 villagers—especially children, pregnant women, women with newborn babies, and elderly people—are killed or wounded every day by bullets from the two-headed government's warplanes. So far over

2,000 families have been deprived of their houses and forced to take refuge in the jungle.

The attacks constitute an intensification of the war to kill the Cambodian nation and people by the two-headed government; communist Vietnam; and the alliance, specifically the United States, France, and Australia, which paid for the bombs used to kill the people. This action also contradicts the statement by Ranariddh—dubbed King Chey Chettha III—that the two-headed government would not suck the people's blood during this dry season.

The Cambodian people vehemently denounce the arch criminals and warmongers, the two-headed government, the United States, France, and Australia.

According to observers, they are intensifying the war through the use of warplanes because they have encountered difficulties with their land forces, particularly their ground troops. Their soldiers are demoralized and have deserted, and they are no longer able to draft new soldiers. The use of warplanes against guerrillas is strategically inappropriate and will only bog them down further.

#### Khmer Rouge Says Poison Used in Preah Vihear

*BK1911091994 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 18 Nov 94*

[“Communiqué of the National Army of Democratic Kampuchea”; dated 18 November—read by announcer]

[FBIS Translated Text] I. Since 12 November the two-headed government has ordered airplanes to spray a kind of poison of the type (?KM) on villages of our people in various areas in Chey Sen, Chhep, Choam Khsan, and Rovieng Districts in Preah Vihear Province. Many of our people, men, women, children, elderly people, cattle, pigs, and poultry have subsequently died. As of 18 November 1994, 58 people have died; others are being affected by the poison.

II. This new crime with its great destruction was immediately implemented by the two-headed government after Australian, U.S., and French military experts had prepared plans in Preah Vihear Province on 7 November.

III. The National Army of Democratic Kampuchea [NADK] and the Cambodian people firmly denounce these great murderers: communist Vietnam, the two-headed government, Hun Sen, Ranariddh, Gareth Evans, Christopher, and Alain Juppe. These people have joined together to implement this criminal plan of spraying poison to massacre the Cambodian people so that they can annex Cambodia in accordance with their respective interests. These great murderers stand fully condemned before the Cambodian people, the people in the world, and international law.

**IV. The NADK appeals to our people in the villages and communes in Preah Vihear Province and other places throughout Cambodia to take the following measures:**

1. Take care when using water and vegetables and employing men, and animals. In particular, wells and water jars outside the house should be covered.
2. Continue to cooperate with the army and guerrillas in each area to smash and sweep up the overt and covert traitorous administration, and destroy and clear spies both within and without localities and the people's villages and communes so as to gouge out the eyes and cut off the hands and feet of the two-headed puppets, communist Vietnam, and their allies to prevent them from exterminating our nation, people, and race.

18 November 1994  
The NADK Spokesman

#### KR Calls on Peasants To Protect Rice Crop

*BK2011111794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Nov 94*

[“Appeal” issued by the Ministry of Rural Areas, Agriculture, and Water Conservancy of the Provisional Government of National Union and National Salvation on 19 November; place not given]

[FBIS Translated Text] 1. The Ministry of Rural Areas, Agriculture, and Water Conservancy of the Provisional Government of National Union and National Salvation [PGNUNS] wishes to appeal to our compatriot peasants in the liberated, half-liberated, guerrilla, and other zones to join hands to oppose the two-headed government administrations, and prevent them at all costs from plundering paddy and rice during the upcoming dry-season rice harvest between the end of 1994 and the beginning of 1995. Our slogan is that we should continually provide ourselves with maximum supplies but deplete enemy provisions to prevent them from further waging war. We should also deplete their armed forces so they will have no troops to fight. This is to help end the war quickly.

2. The rice harvest will begin this November or December. During this period, the traitorous two-headed government, at the behest of and with the collusion of communist Vietnam and the alliance—with the United States, France, and Australia as bosses—will begin the 17th dry-season military offensive. Its troops will intrude upon the people's villages, burn their houses, kill them, and plunder their paddy, rice, cattle, pigs, and poultry. Already, they have rounded up and driven the people out of their villages, forcing them to serve as soldiers and K-5 laborers. They have sent them to the battlefields to fight, to clear shrubs along roads and bridges, carry ammunition, dig trenches, and plant land mines. Many who have been assigned to clear mines in

the jungle in their place have been wounded, disabled, or killed by the explosives or by malaria and typhoid and due to starvation.

The enemy communist Vietnamese aggressors and the group of traitors to the nation, who are the puppets and lackeys of communist Vietnam and the United States, are implementing the policy of driving peasants out of their villages and sending them to die on the battlefields, while completely plundering their paddy, property, cattle, and other things. This policy has already been implemented for 15 or 16 years. They have also systematically implemented the policy of impoverishing the countryside by starving the peasants; plundering their land, paddies, and farms; and driving them out of their villages and houses. The communist Vietnamese aggressors and the traitors have also deprived the peasants of their land, fish, and other supplies, thereby compelling the latter to rely on them for subsistence. This is so as to easily turn the peasants into soldiers, militiamen, and K-5 laborers to serve the communist Vietnamese aggressors' race-extinction war of aggression.

The civilian administrators of all kinds of communist Vietnam and its puppets at various villages and communes are implementing the policy of impoverishing the countryside. The civilian administrators, the enemies' on-site forces, staying close to the peasants in their villages and communes and carrying out activities to persecute the latter in all fields and sectors constantly. The peasants have no rice fields, farms, paddy, lakes, rivers, and any fish left because of those local administrators. The troops of the communist Vietnamese aggressors and the traitorous two-headed puppets invaded peasants' villages, burned their houses, plundered their property, slashed their throats, and raped their wives and daughters because they had the civilian administrators as their on-site forces and limbs and eyes in villages and communes and as shackles and handcuffs used to persecute the local peasants constantly.

3. The Ministry of Rural Areas, Agriculture, and Water Conservancy of the PGNUNS wishes to appeal to all compatriot peasants to continue to unite and fight to protect and store the paddy from this harvest from being seized by the enemies. You are invited to join the National Army of Democratic Kampuchea in implementing its slogan of depleting the enemies' supplies at all costs so as to prevent them from having supplies and troops to continue fighting.

To make this slogan succeed, the compatriots are asked to continue their guerrilla and people's warfare more actively, vigorously, and in-depth during this 17th dry season. As a matter of fact, you should:

- a. Ruthlessly smash and sweep away all kinds of enemy civilian administrators in villages and communes and enemy political networks in all sectors;
- b. Continue to cut off and destroy the enemies' small or large roads;

c. Continue to establish networks of stakes or mines everywhere, [words indistinct], excavate stake pits, and plant poisonous stakes at passes of geographical importance where the enemies travel back and forth and around enemy positions.

Your efforts to deprive the enemy troops of food and water through the implementation of the guerrilla and people's warfare and your drive to smash and sweep away the enemy civilian administrators ruthlessly and repeatedly are a contribution to ending quickly the war of aggression waged by communist Vietnamese, the villainous alliance, and the traitorous two-headed puppets.

19 November 1994

The Ministry of Rural Areas, Agriculture, and Water Conservancy of the PGNUNS

#### NADK Denies 'Forcibly Recruiting' Porters

*BK1911093694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 18 Nov 94*

[“Rejection by the National Army of Democratic Kampuchea”; undated—read by announcer]

[FBIS Translated Text] Over the past few days the propaganda machines of the alliance, communist Vietnam, and their two-headed puppets have taken turns in accusing the National Army of Democratic Kampuchea [NADK] of forcibly recruiting soldiers to act as ammunition porters and to build roads to serve battle-fields.

The NADK spokesman categorically rejects the twisted slanders of the alliance, communist Vietnam, and their two-headed puppets. Everyone knows that the ones who forcibly recruit soldiers and round up civilians for the K-5 plan to serve the war are the communist Vietnamese and their puppets. They have done this over the past 15 years and are still doing it. They do this over and over, day and night, in accordance with their race extermination policy in Cambodia.

As for the NADK, it has defended the nation and people for the past 15 years and is still doing so. It has opposed all the various massacres and robberies by the communist Vietnamese and their puppets. When the Vietnamese aggressor troops and the puppets go out on their looting sprees and rounds of forcible recruitment, the people always run to seek protection from the NADK. The activities and exemplary conduct of the NADK are well known among the Cambodian people inside and outside the country; this is a truth which no one can twist.

In this 17th dry season, the two-headed government, communist Vietnam's puppet, and the allies have failed to rob the people's paddy and rice and draft militiamen because the NADK is defending the people and cooperating with the latter to smash and sweep up village and

commune officials, who are the puppets' thugs. When they failed in their activities, they shouted insults at others; when they were victorious, they rejoiced.

Therefore, the aforementioned slanders against the NADK are the natural outpourings of communist Vietnam, the alliance, and their puppets. People inside and outside the country are ignorant of the behavior of these people.

#### Khmer Rouge Commentary Assails Press Law

*BK211112094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 20 Nov 94*

[Unattributed commentary: “The Communist Vietnamese Puppets Have Forged a Fascist Law To Prevent the Press From Telling the Truth About the Treason and Corrupt Practices of the Vietnamese Lackeys in Phnom Penh”]

[FBIS Translated Text] Recently, a great many newspapers in Phnom Penh have directly exposed the treason and the very corrupt practices of the communist Vietnamese lackeys and two-headed elements. Some went so far as to draw pictures of Hun Sen and Ranariddh wearing cone-shaped hats with a bit through their noses being pulled by the Vietnamese.

The masses in Phnom Penh—especially students—were extremely pleased that the newspapers made such straightforward remarks about the treason and the very corrupt practices of the communist Vietnamese puppets. The puppets, however—especially Hun Sen and Ranariddh—were furious with the newspapers. They went about intimidating the journalists and secretly gunned them down one after another.

Now they have forged a fascist law that threatens the press not to expose corrupt puppet officials or draw pictures of Hun Sen and Ranariddh as communist Vietnamese puppets. In sum, it forbids the press from saying anything harmful to their most traitorous and corrupt regime. This is so they can act at will to betray and kill the nation and people freely at the behest of their Vietnamese bosses.

All in all, their fascist draft law is being vigorously opposed by the people and masses in Phnom Penh. The masses view the law as despotic, fascist, and contrary to the principles of democracy and press freedom and UN principles on human rights. They say the law is more clear evidence that communist Vietnam wants to kill Cambodians so it can swallow up Cambodia and eventually turn it into part of Vietnam. Communist Vietnam does not want Cambodians to enjoy any democracy, rights, or freedom. It exerts despotic control over everything with the aim of achieving its aforementioned objective.

Phnom Penh residents, like people throughout the country, do not want the fascist despotic law concocted

by communist Vietnam and its puppets, and they will never give in to its threats. They will continue to fight until peace, national reconciliation, and a genuinely democratic regime are restored to Cambodia.

### Indonesia

#### **Timor Protesters Accept Asylum in Portugal**

*BK2211092594 Jakarta ANTARA in Indonesian 0839 GMT 22 Nov 94*

[FBIS Translated Excerpt] Jakarta, 22 Nov (ANTARA)—As many as 29 East Timorese youths, who entered the U.S. Embassy compound and have been "neglected" for 10 days in the embassy premises, have finally decided to go to Portugal and accept the offer of political asylum they had previously rejected.

Domingus Sarmento Alves, who spoke on behalf of his friends from behind the U.S. Embassy fence in Jakarta on Tuesday, said: "We do not know yet when we will leave, but we will do so as soon as possible. We are clearing documents."

The East Timorese youths entered the U.S. Embassy compound by jumping over the fence on Saturday (12 November), three days before the APEC [Asia-Pacific Economic Cooperation] economic leaders meeting in Bogor. [passage omitted]

Meanwhile, Foreign Minister Ali Alatas said at the State Palace on Tuesday that the demand by the 29 East Timorese youths that Xanana Gusmao be released is illogical and that the government will ensure their security if they want to return to East Timor.

The minister of foreign affairs of the Republic of Indonesia said there is no reason for him to fulfill the youths' request for talks with him.

"Whom do they represent? They have met Roving Ambassador Lopez da Druz," Ali Alatas said.

If they want to go abroad, for example Portugal, the Indonesian Government will not prevent them from doing so. "But if they demand political asylum, that would be illogical," Alatas said. [passage omitted]

#### **4 Foreign Reporters Asked To Leave East Timor**

*BK2211141494 Jakarta ANTARA in Indonesian 1113 GMT 21 Nov 94*

[FBIS Translated Excerpt] Dili, 21 Nov (ANTARA)—Four foreign journalists on Monday were asked to leave East Timor for having no recommendation from the Information Department following coordination between the East Timor Provincial Office of the Information Department and the local immigration authorities.

"They have been asked to leave East Timor for having no recommendation to conduct news coverage in the

region," Drs. [academic title] M. Sudarmaji, head of the East Timor Provincial Office of the Information Department, told ANTARA at Turismo Hotel in Dili on Monday.

Every foreign journalist must obtain recommendation from the Information Department to conduct news coverage in East Timor.

The official said the four journalists, who had been asked to leave the region, had identity cards to cover the APEC [Asia-Pacific Economic Cooperation] meeting in Bogor several days ago but had no recommendation for news coverage in East Timor.

The four foreign journalists are John Drake from REUTERS, Jeff Widener from Associated Press (AP), Simon Alexander Beardshell from World Television Network (WTN), and Craig Yuji Fuji, an AP photographer. [passage omitted]

#### **Another Foreign Reporter Expelled**

*BK2211101594 Hong Kong AFP in English 0958 GMT 22 Nov 94*

[FBIS Transcribed Excerpt] JAKARTA, Nov 22 (AFP)—Indonesia expelled a foreign journalist from East Timor on Tuesday, bringing the tally of expulsions to five in two days in a tightening of media access to the troubled enclave.

The French journalist, named as a senior producer with Associated Press TV, Francois Touron, arrived in Dili, the capital of the former Portuguese colony, on Monday afternoon but was ordered to leave less than 24 hours later because he did not have the proper permit, a military spokesman said.

"He was warned by the Department of Information not to go there without permission," East Timor military spokesman Major Laedan Simbolon told AFP by telephone from Dili, the East Timorese capital. He was expelled on the first available flight out of Dili Tuesday, he said. [passage omitted]

#### **ABRI Cites 'Innacuracy' of Foreign Reporting**

*BK2211030994 Singapore THE SUNDAY TIMES in English 20 Nov 94 p 2*

[Report by Paul Jacob in Jakarta]

[FBIS Transcribed Excerpt] Indonesian Armed Forces Chief General Feisal Tanjung, at his first-ever meeting with the foreign media, complained yesterday of the innaccuracy of reporting on East Timor because of insufficient information and lack of knowledge on their part. His remarks came as authorities in Dili prepared to deport Australian Andrew Naughtan, said to be a journalist, for what police said was his involvement in demonstrations and unrest which rocked the East Timor provincial capital last week.

Gen. Feisal's meeting also coincided with the second week of protest in Jakarta by 29 Timorese youths who invaded the grounds of the United States Embassy on November 12 and demanded the release of jailed resistance leader Xanana Gusmao. The youths, who turned down offers of asylum in Portugal, have yet to respond to assurances by the military—reiterated by Gen. Feisal yesterday—that there would be no retribution against them should they quit the embassy.

The presence of the foreign journalists, many of whom focused on East Timor rather than meetings of the Asia-Pacific Economic Cooperation (APEC) forum, has itself been made an issue.

Authorities in Dili accused them of fuelling the unprecedented week of street demonstrations in the former Portuguese territory, which Indonesia annexed in 1976.

On Friday, the Japan Broadcasting Corporation (NHK) was accused of supplying anti-government banners to students on November 15 and asking them to demonstrate for the cameras—a charge which the network has denied.

Gen. Feisal acknowledged during his 90-minute meeting yesterday that regulations affecting foreign journalists visiting Dili were put in place in the run-up to the APEC meetings. Anyone making a trip had to register in Jakarta before proceeding to Dili. While Gen. Feisal himself did not accuse the media of instigating unrest, he noted that there appeared to be a correlation between their visits and demonstrations in the province.

He said, however, that visits would be permitted so long as these did not create "unwanted conditions...that influence the stability" of East Timor. [passage omitted]

#### **Exploiters of Rights, Timor Issues Criticized**

*BK201112594 Jakarta SUARA KARYA in Indonesian  
19 Nov 94 p 5*

[Editorial: "Human Rights and The Bogor Declaration"]

[FBIS Translated Text] There had been logical predictions that the Bogor AELM [Asia-Pacific Economic Cooperation Economic Leaders Meeting] would be undermined by those who disagree with President Suharto's leadership to defame Indonesia. Their best weapons are human rights intermingled with the East Timor question.

Accordingly, a group of East Timorese youths broke into the U.S. Embassy in Jakarta on Saturday on 12 November, three days before the AELM. On the same day, there was a brawl between shop owners at the Becora Market, Dili, East Timor. This incident was manipulated to provoke the masses so that some vehicles were burned. The police quickly repressed the riot.

Meanwhile, the 29 East Timorese youths, who broke into the U.S. Embassy premises, remain there. Their wish to

meet U.S. President Clinton was not fulfilled, and the U.S president has left Indonesia.

Besides the East Timor question, the revocation of the publication permits of the TEMPO, EDITOR, and DETIK was also exploited to discredit Indonesia in basic human rights.

When meeting the U.S. President Bill Clinton, Mr. Suharto explained about the East Timor integration into the Republic of Indonesia, which in fact in response to the aspiration of the majority of East Timorese whose basic human rights had been trampled upon by the Portuguese colonialists for 400 years.

Regarding the revocation of the publication permits, President Suharto told his guest that no one is deprived of his or her right of speech .

In connection with basic human rights, Minister and State Secretary Murdiono said Mr. Suharto told Mr. Clinton that the Constitution of the Republic of Indonesia warrants the right of assembly and speech. The exercise of these rights are governed by laws.

"So, an event may amount to the violation of basic human rights to outsiders, but this is not the actual situation. Measures are taken against those violating certain laws," Murdiono quoted the president as saying.

At the same time, ANTARA reported from Canberra that Prime Minister Paul Keating reiterated during a debate in the Australian House of Representatives that "East Timor had been integrated into the Republic of Indonesia since 1975 and is now part of Indonesia. Relations between Australia and Indonesia will never be affected by whatever is happening in that area as the problem is an internal affair."

Accordingly, we can conclude that U.S. President Bill Clinton—after being pushed by a number of U.S. senators to ask President Suharto about the realization of basic human rights in Indonesia—must have understood the real situation. Paul Keating, on the other hand, refuses to interfere with the East Timor problem.

Let us see how the explanation given to President Clinton will affect these American senators. Nevertheless, now that the 18 APEC economic leaders have issued the 1994 Bogor Declaration, we hope that all of them, including U.S. President Clinton will try to overcome any obstacles and shortcomings to implement the resolutions contained in the declaration. This means that those who wish to discredit Indonesia in these issues will have to rethink their intentions.

#### **CNRM's Ramos-Horta Outlines Peace Plan**

*BR1811142594 Lisbon DIARIO DE NOTICIAS in Portuguese 16 Nov 94 p 4*

[Interview with Jose Ramos-Horta, Timorese "National Council of Maubere Resistance representative," by Carlos Albino; place and date not given: "Referendum in

**Timor Within 10 Years"—first two paragraphs are DIARIO DE NOTICIAS introduction]**

[FBIS Translated Text] Jose Ramos-Horta, the special representative of the National Council of Maubere Resistance [CNRM], assured DIARIO DE NOTICIAS that "the CNRM is against any separatism from Indonesia, and has it not accepted relations with separatist movements. It respects Indonesia's territorial integrity as a former Netherlands colony, but it demands that Indonesia respect the territorial integrity of the former Portuguese colony."

For this reason, Ramos-Horta said, the Timorese do not want arms from Indonesia's separatists, they are only demanding that "Indonesia accept the CNRM peace plan"—even if that is in exchange for postponing the definition of the territory's legal status.

[Albino] What peace plan is the CNRM presenting at this time?

[Ramos-Horta] The CNRM peace plan includes: first of all, total demilitarization supervised by the United Nations; second, the permanent presence of the United Nations in East Timor; third, free elections for a territorial assembly under UN supervision; and, in the final phase, the referendum on self-determination five to 10 years later. Basically, it is just a matter of postponing a decision on the legal status of the territory.

[Albino] Did U.S. foreign policy change before, or only now with this case of Timorese entering the embassy in Jakarta?

[Ramos-Horta] There has been an evolution by the United States regarding human rights and support for the mandate of the secretary general, but the position is exactly the same regarding the fundamental issue of self-determination.

[Albino] But you do not expect Washington to now start treating Timor differently?

[Ramos-Horta] I hope that the events in the embassy and in East Timor, which happened under the White House's nose, will encourage Clinton to transfer the handling of the Timor question from the State Department to the White House.

[Albino] Why?

[Ramos-Horta] Because the State Department, especially the East Asia Office, is infested with pro-Indonesia bureaucrats and they, by themselves, will never change U.S. foreign policy on the Timor question.

[Albino] Do you have any indication that this might happen?

[Ramos-Horta] I will only say that I hope this will happen.

[Albino] But the United States de facto recognizes the current situation in Timor.

[Ramos-Horta] De facto recognition does not have to be repeated by the United States, since de facto recognition is not de jure recognition. The United States does not have to make a U-turn, unlike Australia, which has de jure recognition. The United States should support the CNRM peace plan. Moreover, I know that in recent contacts by a senior Portuguese Foreign Ministry official in Washington a good reception was given to the positions supported by the Portuguese Government and by the CNRM.

[Albino] Are the UDT [Democratic Union of Timor], Fretilin [Revolutionary Front for an Independent East Timor], and the Catholic Church all supporters of the CNRM peace plan?

[Ramos-Horta] I would prefer to put it this way: Commander Konis Santana, who is both the commander of the Falintil [expansion unknown] and secretary of Fretilin's Management Committee, has already repeated on a number of occasions Fretilin's support for this peace plan. Bishop Belo—in the meeting he had with me late last year—said he agreed, as did all the Timorese clergy. He also said that the 2,000 Timorese university students have all been informed of the peace plan and that they support it. As for the UDT, as everyone knows most of the leadership is abroad so it is not formally part of the CNRM.

[Albino] So Fretilin's external wing is outside the plan?

[Ramos-Horta] The CNRM's plan is obviously not lacking the support of Fretilin's external wing in so far as it already has the support of Fretilin's top leadership within the country. However, for example, during his current trip to Japan, Roque Rodrigues publicly supported the CNRM peace plan and the leader of the foreign delegation, Jose Luis Guterres—with whom I have the best personal relations—has given it his explicit support.

[Albino] Are you trying to suggest that the CNRM must be recognized internationally as a national movement?

[Ramos-Horta] The CNRM is firmly established in many countries. It is the privileged dialogue partner of the United Nations, the United States, both in the administration and in Congress, Portugal, the Diet in Japan, and others.

[Albino] Are these formal recognitions?

[Ramos-Horta] No. Nor do they have to be. The recognition of the movement is inherent in the de facto relations. States are recognized, not movements.

[Albino] Is the CNRM claiming exclusive representation?

[Ramos-Horta] We do not claim to be the only dialogue partners. Other sensibilities outside the CNRM must be heard.

[Albino] Such as Governor Abilio Osorio, for example?

[Ramos-Horta] I have nothing against Abilio Osorio being heard by the Portuguese Government, which has already listened to Francisco Lopes da Cruz. All views must be heard.

[Albino] But heard by the Portuguese Government?

[Ramos-Horta] I am not opposed to having them heard within the framework of consultations with the Timorese.

[Albino] Do Portugal's well-known interest sections in Jakarta and Jakarta's interest sections in Lisbon encourage this dialogue?

[Ramos-Horta] The interest sections will be viable if Jakarta accepts the first three phases of the CNRM's plan.

[Albino] What about the opening of a Portuguese consulate in Dili?

[Ramos-Horta] A consulate, no. We would agree to the opening of an EU legation in Timor, headed up by a Portuguese commissioner.

[Albino] Within the context of the Portuguese-speaking countries, how are relations between the CNRM and Brazil?

[Ramos-Horta] We do not have formal relations. We regret that Brazil has never actively supported us.

[Albino] But Brazil has an embassy in Jakarta. The Timorese have always gained the support of other, non-Portuguese-speaking embassies. Why?

[Ramos-Horta] Brazil has never shown any interest in us; it has always shown more interest in Jakarta. Ambassador Jose Aparecido is the only one who proved to be personally committed to our struggle. Otherwise, just look: The reference by Minister Celso Amorim to Timor in his speech at the United Nations was extremely timid. More was expected from a Portuguese-speaking country. I could say the same regarding the Cape Verde speech. They spoke of support for the negotiations as if it were a great thing when Indonesia agreed to the negotiations.

[Albino] Are you suggesting that Brazil has trouble accepting a Timorese Toothpuller [reference to Joaquim Jose da Silva Xavier, a Brazilian martyr in the cause of Independence]?

[Ramos-Horta] I would not say that. I prefer to be more direct: So far, and right up to the highest levels, the Brazilians have not clearly accepted Timor's right to self-determination.

[Albino] Have you scheduled or requested a meeting with President Itamar during his next visit to Lisbon?

[Ramos-Horta] I hope to have the chance to meet with each of the seven heads of state from Portuguese-speaking countries who will be present.

[Albino] But have you secured a meeting with Itamar?

[Ramos-Horta] We are going to take initiatives to make it possible to meet with Itamar and also with president elect, Fernando Henrique Cardoso.

[Albino] How can you ensure that the Timorese political parties which are included in the CNRM and which to some extent support a civil war, will not become involved again?

[Ramos-Horta] There will be no repeat in Timor of the sterile wars of 1974 and 1975. The people still remember the behavior of the political parties of 1974 and 1975, and it is for that very reason that the CNRM emerged: to move beyond all the national quarrels and forge national unity and consciousness without any discrimination.

[Albino] Does that mean that a lesson was learned?

[Ramos-Horta] We learned the lesson from the civil war of August 1975 that truly opened the doors of East Timor to invasion.

[Albino] However, there are prointegrationist sectors of Timorese public opinion who threaten civil war in the event of any opening up of the territory.

[Ramos-Horta] These brother integrationists are a kind of prodigal son. We in the CNRM would hold out our hand to all of them to rebuild a free and independent East Timor with us.

[Albino] You use other words to say reconciliation.

[Ramos-Horta] The true national reconciliation has already been achieved throughout these nine years of struggle. Since the people in East Timor are truly united they have risen above all political parties and the wars of 1974 and 1975. There are no Fretilins, Apodetis [Timorese Democratic People's Association], or UDT's. There are the Timorese, the Timorese patriots, and the Timorese resistance. Yes, there are a few dozen elements—I repeat, only a few dozen—who collaborate actively with the repressive apparatus. However, we will even extend the hand of amnesty and pardon to those elements who are currently collaborating actively and in fully awareness of what they are doing with the repressive apparatus.

[Albino] Abilio Araujo is going to be received by Suharto. He asked for a meeting with Father Ximenes Belo. Is a meeting with Xanana Gusmao permissible?

[Ramos-Horta] Xanana Gusmao is the leader of the people of East Timor. If a Timorese, whoever he is, asks for a meeting, then I think he should meet with him. If I had the opportunity to communicate with Xanana Gusmao before he made a decision and if Abilio asked to meet with him, then I would say yes, he would receive the prodigal son and brother.

[Albino] But Abilio Araujo said publicly that he is not against selfdetermination.

[Ramos-Horta] Self-determination can take various paths: independence, free association, or integration with another independent state. When Abilio Araujo, with all his posturing, said that he continued to support self-determination, he could say it, but in his view self-determination means integration with Indonesia.

[Albino] Two years ago Abilio Araujo and Ramos-Horta shook hands. Why did they break off the reconciliation?

[Ramos-Horta] I would be very grateful indeed and moved if the authors and supporters of this aforementioned reconciliation—I emphasize aforementioned in inverted commas, and I also emphasize the inverted commas—to reconcile themselves first of all with their comrades in the struggle. Abilio Araujo should first reconcile himself with the leader, Xanana Gusmao, with Konis Santana and with a great many other comrades in the struggle in the trenches in East Timor and in the prisons in Indonesia. He should reconcile himself with his Timorese comrades in Fretilin. Because how can we Timorese talk about reconciliation when we feel that the primary partners we should reconcile with are our enemies?

#### Suharto Should To Do What Hassan II Did

East Timor and the Sahara, which are on the United Nations' list of nonautonomous territories, bring to mind a comparison between the way in which the president of Indonesia, Suharto, and the King of Morocco, Hassan II, have received UN resolutions.

[Albino] The CNRM basically advocates that Suharto should at least have the same attitude that King Hassan II of Morocco had vis-a-vis the Sahara Liberation Front. At least Morocco agreed to a referendum on self-determination for the Sahara. At least it had the willingness and determination to advance the referendum despite all the difficulties. President Suharto should imitate His Majesty the King of Morocco—at least in this aspect.

#### Battle Will Be Won in Court in The Hague

In January 1995 the International Court of Justice in The Hague will begin investigating Portugal's complaint against Australia.

[Albino] How do you see the outcome of the proceedings in The Hague?

[Ramos-Horta] We are going to win the battle, and that will strengthen our victory, and strengthen our struggle at diplomatic and political level within the United Nations.

[Albino] Do you think the court will even be independent?

[Ramos-Horta] Yes. The court is highly qualified and upright. Many of its members are outside the jurisdiction of the court.

[Ramos-Horta] Indonesia is not part of it. But if one of the parties, which is Australia, were to dissociate itself from it, the treaty would disappear.

#### Editorial Analyzes U.S. Stance on Bosnia

*BK221110194 Jakarta REPUBLIKA in Indonesian 21 Nov 94 p 6*

[Editorial: "The U.S. Stance in the Bosnian Conflict"]

[FBIS Translated Text] It is interesting to monitor the U.S. stance in the Bosnian conflict. From the very beginning, the United States did not seem to see eye-to-eye with its allies in Western Europe on this issue. The NATO decision to launch air strikes against Serbian strongholds, for example, was initiated by the United States. On the other hand, U.S. allies in Europe have been reluctant to put pressure on Serbia.

The same is true with the proposal to lift arms embargo against Bosnia. The United States has from the very beginning made the proposal because it believes that the embargo has cornered Bosnian Muslims while Serbia has always received external arms support. Furthermore, the embargo is not very effective in reducing the conflict.

The proposal was strongly rejected by NATO European members. They reasoned that if the embargo were lifted, the war would escalate to a level difficult to control. However, the United States was adamant, and two weeks ago, the United States unilaterally announced its noninvolvement in the arms embargo.

That was not enough. Last week, the United States announced that it is considering giving Bosnia assistance worth 10 trillion rupiah in addition to military training. This was announced only two days after a rumor was spread, and denied by the United States, that the CIA was secretly and actively training the Bosnian fighters.

What is behind this stance? There are a number of possible explanations. One explanation is that the United States is actively establishing an image as a friend of Islamic countries. In this context, the United States has indeed adopted a forward-looking policy. The United States believes that in the context of international trade, it can no longer rely on its old European friends alone.

In Asia, it has Japan as a strong contender, so an alternative market has to be established in Islamic nations with which trade links have not been fully developed. It is also in this context that the United States is keen to establish contacts with countries in the Non-aligned Movement.

The United States knows for sure that a little sympathy given to Bosnia will produce a significant response from Islamic nations. The world knows the Islamic countries' stance that the embargo against Bosnia is a very immoral policy. The lifting of the embargo means that the United

States has made itself popular among the Islamic countries. This strategy will in the long run have a significant impact for the United States.

However, politics is politics, and the U.S. stance must therefore be perceived as political strategy. It is too early to assess and view the U.S. action as a "moral policy" aimed at defending the interests of Islamic nations. This is demonstrated by President Clinton's stand on the Middle East conflict, which is no different from that of his predecessors.

However, on the Bosnian issue, the U.S. stance is highly comforting. What we are now awaiting is for the same stance on this conflict to be adopted by international institutions and U.S. allies.

#### Daily Cites Trade Deals Related to APEC Forum

*BK1911090794 Jakarta SUARA KARYA in Indonesian  
18 Nov 94 p 5*

[Editorial: "Swift Move by APEC Businessmen"]

[FBIS Translated Text] APEC [Asia-Pacific Economic Cooperation] businessmen have moved faster than their counterparts in other sectors in forging cooperation. On Wednesday, 16 November, one day after the conclusion of the AELM [APEC Economic Leaders Meeting] in Bogor, a total of 20 MOU's [memorandum of understanding] in trade and investment were signed by Indonesian businessmen and their counterparts in four other APEC member countries. The value of the MOU's was U.S. \$40.755 billion or 85.59 trillion rupiah. Of the 20 MOU's, 16 MOU's worth U.S.\$40 billion were signed by Indonesian and American businessmen. The other MOU's were signed by Indonesian and Malaysian entrepreneurs (U.S.\$280 million), by Indonesian and Filipino entrepreneurs (U.S.\$70 million), and by Indonesian and Australian entrepreneurs (U.S.\$405 million).

Before the convening of the AELM, a contract worth U.S.\$5.5 billion was signed by Indonesian and Australian entrepreneurs for the supply of coal from Kalimantan to Australia.

The MOU's worth U.S.\$40.755 billion signed after the AELM and the contract worth U.S.\$5.5 billion were widely announced to the public. We still do not know if there are other agreements signed by Indonesian and other APEC entrepreneurs.

From the fast-moving business activities taking place within APEC countries, we can draw a conclusion that APEC has a bright future. The fast-moving business world might fascinate ordinary laymen, but at the same time it also proves that business people have a strong sense of anticipation regarding the future globalization process of trade and investment within the scope of the GATT Uruguay Round and the institutionalization of the World Trade Organization in 1995.

There is no mention whether the entire investment, namely, the new ones in the form of MOU's and those signed as formal contracts, are aimed at developing the infrastructure.

However, regardless of the type of development, if we compare the budget needed for the development of our infrastructure in the Sixth Five-Year Development Plan, which stands at over U.S.\$50 billion, the MOU's worth U.S.\$46.255 billion signed before and after the AELM strongly indicate that APEC has fine prospects.

However, one aspect of a strategic project needs cultivation, namely, cooperation to promote medium and small businesses and the development of human resources. We need to emphasize this problem as the Bogor Declaration also covers these sectors, namely, in paragraph 8.

The realization of cooperation in cultivating medium and small businesses and human resource development will take longer than the time needed for cooperation in trade and investment. If the solution to these problems is delayed, the gap between developed and developing countries will continue to widen. Therefore, these issues call for our greater attention.

#### Realistic Approach Urged for OPEC Meeting

*BK2211055994 Jakarta SUARA KARYA in Indonesian  
21 Nov 94 p 5*

[Editorial: "OPEC Conference and AELM II Realism"]

[FBIS Translated Text] It is not an exaggeration to say that the background to the Bogor Declaration—the result of the APEC (AELM) [APEC Economic Ministers Meeting] II—is realism. It is an objective fact that Asia Pacific nations need to cooperate and develop cooperation to bring prosperity to every inhabitant of this region.

It is true that there is a long way to go to reach cooperation. No one can say how many generations must go through this process to reach cooperation. However, learning from past experiences—at least in the 20th century, which will lapse in a few years, during which we saw conflicts what caused two world wars, limited wars, and the Cold War—we are forced to choose to continue open or closed confrontation, or to hold dialogues to establish cooperation.

Of course dialogues for pioneering and developing open and fair cooperation is not as easy as saying it. But dialogues are much better than confrontation, because one confrontation, as experience shows, will be followed by another confrontation.

We reiterate that the AELM II was based on realism, because as of today, Monday, November 21, the Organization of Petroleum Exporting Countries (OPEC) is to hold its 97th Conference in Bali, which is scheduled to last until November 23. With this meeting, Indonesia

has hosted the OPEC Conference for the fourth time (1964 in Jakarta, and 1967 and 1980 in Bali).

I.B. Sujana, Indonesian minister of mining and energy, said on Wednesday last week, that the OPEC Bali Conference will focus on the problem of oil supply and demand for 1995. The objective is to decide on a fair distribution for production quotas among OPEC member countries.

The demand for oil in 1995 is estimated to increase by 1.1 percent. Professor Subroto, former OPEC Secretary General, said on Tuesday, November 15, last week that the highest production quota of 24.52 million barrels per day should be extended to 1995. The basket price of OPEC oil is presently U.S.\$16.50 per barrel, far below the expected U.S.\$21 per barrel. So Prof. Subroto said the conference in Bali is a test case for OPEC.

Being the former OPEC Secretary General, Prof. Subroto must know how hard it is to reach consensus at such a conference. Even if the conference reaches a consensus on the quotas and distribution for each member country, there is always one member or another that produces oil above the given quota. Such action shows that OPEC is losing its credibility from time to time.

Given this context, we feel that it would not be very bad for the OPEC Conference in Bali to adopt the wisdom of realism developed at the Bogor AELM. If, by adopting the philosophy of realism, leaders at the Bogor AELM II could reach a common resolve through dialogues—even though the members are at different levels of development in every aspect of life—by realizing the objective facts in both the short and long run and considering the internal and external factors of the organization, the OPEC conference in Bali can find the means to overcome the (seemingly vicious circle) problem that it faces. The purpose is to have an open dialogue between OPEC and non-OPEC producers and world oil consumers in order to agree on a fair-for-all nonfluctuating oil price.

#### Academics Urge Post-APEC Political Deregulation

BK1911121094 Jakarta REPUBLIKA in Indonesian 18 Nov 94 p 1

[FBIS Translated Text] Yogyakarta, REPUBLIKA—The APEC (Asia-Pacific Economic Cooperation) economic leaders meeting has just ended. The Bogor Declaration has started reverberating. Two economists from Gajahmada University [UGM], for example, have considered political deregulation a necessity for the implementation of the APEC agreement.

The thinking came up during a limited panel discussion at the Center for Strategic and Policy Studies at Gajahmada University yesterday afternoon. Edy Suandi Hamid M.Ec. [Master of Economics], one of the panelists, considered political deregulation important because there have been many unhealthy business practices under the government's policy.

Pointing to monopolies and oligopolies that have led to collusion, Edy said that such practices could not be easily eradicated due to the absence of political deregulation. The secretary of the Yogyakarta chapter of the Indonesian Economists Association said such practices were highly risky.

Edy concretely cited the cement shortages as an example. He attributed the shortages to the extension of privileges to producers in the form of government licenses. Although we export cement, Edy said, cement often disappeared from the market and its prices soared. As a result, the government has had to import cement. "This would not have happened if the procedures to obtain a license to build a cement plant had been simplified," he said.

According to Edy, citizens will enjoy greater political rights if political deregulation is undertaken. Citizens will in turn be able to question any irrational policy or any policy favorable only to certain groups.

Edy considered the political deregulation proposal very realistic. "I think this is inevitable," he said. "This will be especially true after the Bogor Declaration." According to Edy, a general program of action is needed in Indonesia to face various possible effects of the Bogor Declaration.

The economist called for various inefficient practices to be abolished, whether we liked it or not, to anticipate free trade in the Asia-Pacific region. In addition, it was imperative to abolish various redundant regulations or bureaucratic procedures that have led to a high-cost economy as soon as possible.

Such a condition, Eddy said, has led to rent seeking, [preceding two words in English] a practice which benefits only a handful of persons at the expense of the nation's economic interests. He was pessimistic that Indonesia would be competitive in the world market if this condition continued in many sectors. "We will definitely lose in the future free trade," he said.

Edy said the Bogor meeting had brought about benefits and challenges. On the one hand, the Bogor Declaration opened up the opportunity for enhancing Indonesia's economic progress. He added however that other APEC members also possess such an opportunity. "Almost all developing nations within APEC will become Indonesia's major competitors in gaining foreign investment and selling export products," he stated.

During the panel discussion, another UGM economist, Dr. Anggito Abimanyu, likened APEC to a three-legged stool. The three legs are trade liberalization, investment, and trade and development cooperation. "The three legs must stand upright," said Anggito. "If one leg is broken, the chair will not stand."

According to Anggito, a lecturer in the UGM Faculty of Accountancy, development cooperation in particular is a

worrying factor. Anggito said different economic standards may motivate each APEC member to use its economic policy erroneously by, for instance, linking it with the issues of manpower and environment. "This will be a new form of protectionism," he stated.

Anggito gave an example. Under the pretext of environmental protection, the United States may reject export products from developing nations. On the other hand, developing nations may downgrade the environmental standards of a product just to attract foreign investors, disregarding its social and environmental effects.

Anggito suggested that the government should not use too many instruments in its trade policy. "It would be better to focus on efficient technology, production technique, human resources, and energy," Anggito said.

#### Calls for Deregulation Welcomed

*BK2011113094 Jakarta REPUBLIKA in Indonesian 19 Nov 94 p 6*

[Editorial: "Political Deregulation"]

[FBIS Translated Text] As one of the logical consequences of trade liberalization, political deregulation is urgent. It is urgent because there have been a lot of ill-bred business practices under the government's policy. Without political deregulation, such ill-bred business practices will make us lag behind in the coming era of liberalized trade and investment.

This opinion was forwarded by Edy Suandi, M.Ec. [Master of Economics], an economist, in a limited panel discussion by the Center for Strategic and Policy Studies at the Gajahmada University, Yogyakarta last Thursday. Edy used the cement scarcity case as an example. This case, which was caused by the privileges given to producers, allowed them to manipulate prices.

Therefore, Edy added that citizens will enjoy greater political rights if political deregulation is undertaken. Citizens will in turn be able to question any irrational policy or any policy favorable only to certain groups.

This is not really a new idea. In a wider range of studies, Yoshihara Konio writes in his popular book entitled *Disguised Capitalism in Southeast Asia* that there has been basically a disguised capitalism in Southeast Asia, including Indonesia. It is disguised because the capitalists have not grown from below, but due to the facilities granted by the government. In fact, they will never be able to enter into open competition without the support of the government.

Though Edy's idea is not new, it is relevant. We are happy that the government is currently determined to eradicate collusion and corruption. There is at least a political will to create a clean and effective government.

The determination, however, will be easily realized with strict control of the people. For people to carry out the control function effectively, there must be political

deregulation, that is fair politics. In fair politics, there will be not only popular encouragement for rectifying the policies that are inconsistent with the people's aspiration, but also the government's readiness to accept control.

The main problem now is the common perception of fairness. Without a common perception, it is impossible to have concrete fairness. It is not surprising that we have gone nowhere without any common perception.

So it is our homework to find a common point in the diverse perceptions on fairness, and the only way to achieve this is dialogue. Only through dialogue where all parties are endowed with the spirit of unity and maturity can a common point of perception be found.

#### \* GOLKAR Council Rejects New Party Idea

*95SE0017A Jakarta PELITA in Indonesian 19 Sep 94 pp 1, 11*

[FBIS Translated Text] Padang, PELITA—At a meeting with GOLKAR [Functional Groups party] officials in the city of Sawahlunto, West Sumatera, on the evening of 17 September Harmoko, general chairman of the party Central Executive Council, again emphasized that Law No. 3 of 1985 concerning political parties is still highly relevant to our life as a nation, community, and state. Therefore, GOLKAR firmly rejects any proposal to change this law.

Harmoko said before GOLKAR officials from Sawahlunto, many of whom are of the younger generation: "Therefore, GOLKAR clearly rejects every proposal to form a new political party." During his working visit to the Minang Valley Harmoko was accompanied by Dr. Abdul Gafur, chairman of the GOLKAR Central Executive Council for the West Sumatera area; Sofyan Lubis, chairman of the GOLKAR Committee on Publications and the Mass Media; Rambe Kamarul Zaman, chairman of the Youth Department of GOLKAR; and Aulia Aman Rachman, deputy secretary general of the Central Executive Council of GOLKAR.

In addition to meeting face to face with GOLKAR officials and engaging in a direct dialogue with them in this coal producing area, Harmoko also met party officials in Solok, Sawahlunto Sijunjung, Tanah Datar, and the city of Padang during his visit to the Minang Valley. As Indonesian minister of information, Harmoko presided over the official opening of the Islamic Center in Solok and opened the Fifth Grass Festival of West Sumatera at Mohammed Yamin Field in Sawahlunto Sijunjung.

Harmoko was accompanied throughout the visit by Hasan Basri Durin, chairman of the GOLKAR Advisory Council for West Sumatera, and H. Noer B. Pamuncak, chairman of the GOLKAR Regional Assembly for West Sumatera. On 18 September he also had occasion to start the "GOLKAR Five Kilometer Marathon Race," sponsored by the GOLKAR Regional Assembly for the

**Regency of Tanah Datar in Batusangkar.** The marathon race was held in the framework of commemorating the 30th anniversary of the establishment of GOLKAR on 25 October. Participating in the race were students of the SLTP [Junior High School] and the SLTA [Senior High School]. Similar races will also be held by regional assemblies in regencies throughout Indonesia in a contest for the scholarship of 10,000 rupiahs per month for one year, which is being offered by the GOLKAR Central Executive Council. The visit to West Sumatera ended with a face to face meeting with new voters in Padang on 18 September. The program, attended by students from the various regions in West Sumatera, took place in a very festive atmosphere. New voters enthusiastically expressed their support for GOLKAR objectives. The program was also attended by Minister of Manpower Abdul Latief, as GOLKAR chairman for West Sumatera.

Speaking about the attitude of GOLKAR on the effort to establish a new political party, Harmoko said that the people who proposed the formation of a new political party did not understand the substance and meaning of the law on political parties. He said that Law No. 3 of 1985 clearly states that there will only be two political parties in Indonesia, the PDI [Indonesian Democracy Party] and the PPP [Development Unity Party], as well as GOLKAR. Harmoko said: "I consider that those who propose the formation of a new political party in addition to those already existing do not understand the law."

Later he said that GOLKAR is determined always to uphold the law, the constitution, and democracy. Therefore, GOLKAR is always consistent in implementing and upholding the three pillars of the law, the constitution, and democracy, which form the system of government in Indonesia, based on the Pancasila [Five Principles of the Nation] and the Constitution of 1945. Harmoko said: "And because the proposal for the formation of a new political party is not consistent with the law, that is, Law No. 3 of 1985, GOLKAR firmly rejects it."

Harmoko reminded the GOLKAR officials who packed the LPPT building [Institute for Energy Stocks and Development], which belongs to the coal mine near Padang, that wherever GOLKAR officials are located, they should reflect on the meaning of Pancasila democracy. And as good GOLKAR officials they must also understand and reflect on the doctrine of functional service and the promises in GOLKAR's Five Principles of Service.

For that reason GOLKAR, as the largest social and political force in Indonesia, is always committed to developing political democracy based on the Pancasila. This is because political democracy based on the Pancasila essentially consists of sovereignty in the hands of the people, implemented through discussions and representatives, based on the noble values of the Pancasila.

According to Harmoko, the doctrine and promises of GOLKAR must be a source of motivation for every party official to take action and observe the developments taking place among the people. He said: "Therefore, GOLKAR officials must reflect on and understand the substance of GOLKAR doctrine and promises."

At the meeting with GOLKAR officials in Solok, which was attended by GOLKAR officials and new voters from the regency and city of Solok, Harmoko asked officials serving in the executive branch of the party, and especially the chairman of the Council of Advisers (the regent and mayor of Solok—Editor) to watch over the operations of the Simpanan Wajib Khusus Petani (SWKP) Cengkoh [Cloves raised by farmers belonging to the Farmers Special Obligatory Savings Fund]. Harmoko said: "I ask the chairman of the Council of Advisers to become directly involved in watching over the repayment of SWKP Clove contributions so that they will, in fact, reach the hands of the farmers who have a right to them."

Harmoko said that the building, which was constructed by the government of the New Order, is intended to serve the welfare of the people, particularly the "little man." And since it was established in 1964 GOLKAR has also fought to raise the standard of living and status of the little man. He said: "So in this way I ask you to fight for the welfare of the little man by watching the handling of money from the SWKP Clove fund." His remark was greeted with tumultuous cheers from GOLKAR officials.

Harmoko also warned GOLKAR officials, especially those in high positions, to avoid hurting and wounding the feelings of the people. Harmoko repeatedly said, with a great deal of spirit: "Give the people the best possible service. Do not make things difficult for the people."

#### \* Problems with Industrial Area Growth Examined

95SE0017B Jakarta KOMPAS in Indonesian 30 Sep 94 p 2

[FBIS Translated Text] Jakarta, KOMPAS—The consequence of growth under the industrialization program is that an increasingly large number and proportion of the workers in the labor force are covered by collective bargaining agreements. This is especially true of the growth of industrial areas, where a large number of workers are assembled together in a relatively small place. This situation has resulted in the fact that industrial areas have a variety of problems.

Minister of Manpower Abdul Latief referred to this situation when he opened a seminar on industrial relations, sponsored by APINDO (Asosiasi Pengusaha Indonesia) [Indonesian Business Association], and the KEF (Korean Employers' Federation), held at the Hotel Indonesia in Jakarta on 29 September. The written speech of the minister was delivered by Suwarto, the director

general of industrial relations and labor supervision in the Department of Manpower.

According to the minister of manpower, a number of problems have been encountered, including a high level of solidarity among the workers; social and economic disparities in the industrial community; the rather low level of education of the workers, with the result that emotions run high; the large number of workers who feel that they do not have a promising future; the increasingly high awareness of the workers in demanding their welfare rights; international influences which raise the problem of basic human rights; the freedom to form trade unions; and the issue of democracy.

Latief stated that there are still standard workers' rights which are not respected by employers. Business firms regard the workers' welfare program as an added burden, not seeing its close relationship with productivity. Demands for salary increases often create problems. Indeed, they may even cause hurt feelings or strikes. There are also other disputes resulting from the presentation of unusual demands, called demands of interest. Disputes of this kind are more difficult to resolve because there are no clear provisions of law to serve as a basis for solution.

Therefore, the minister added, there are numerous matters which are not standard in character and which, in technical language, are called "working conditions." These matters need to be handled within the company in the form of Company Regulations (PP), or Joint Working Agreements (KKB).

Elsewhere in his remarks Director General Suwarto stated that disputes and hurt feelings caused by the presentation of non-standard demands are steadily increasing, while standard demands are declining. This shows the steady increase in a number of worker demands, which must be considered by the companies. In January 1994 the comparison of standard and non-standard demands was on the order of 1:0.33. In April 1994 the comparison was 1:0.66; in June 1994 the comparison was 1:0.9; and in July 1994 the comparison was 1:1.5.

H. Suratno Hadisuwito, the general chairman of the APINDO Central Executive Council, said that the long-term hope of implementing the system of Pancasila Industrial Relations in every company, including Korean companies in Indonesia, lies in increasing productivity per worker in a quantitative as well as a qualitative way. It also lies in increasing production in the company, as well as raising the welfare of the workers and their families.

The APINDO Central Executive Council urges and invites all businessmen, and in this connection Korean businessmen in Indonesia in particular, to organize and create associations as part of the infrastructure of their companies, such as Pancasila Industrial Relations, in accordance with Indonesian philosophy and culture.

Meanwhile, Dr. Whang Jung-Hyun, the executive deputy chairman of the Korean Employers' Federation, said in his speech at the seminar that Indonesia is the sixth largest business partner of Korea. Over the past five years the average volume of bilateral trade between the two countries has increased by more than 30 percent per year. In addition Indonesia is the second largest country for Korean investment, with a total investment of more than \$4.7 billion.

Dr. Whang Jung-Hyun continued that this seminar is aimed at helping Korean businessmen gain a better understanding of Indonesian manpower legislation, industrial relations in Indonesia, and the manner of thinking and culture of the Indonesian people. In this way a management or company culture can be created in which businessmen are not exclusively a group hurrying to make profits, or a "profit-seeking management group." Meanwhile, the workers can also enjoy a higher quality and more meaningful life, through their contributions at their respective places of work.

## Thailand

### Report Details 10-Point Policy on Cambodia

*BK2111124394 Bangkok MATICHON in Thai  
20 Nov 94 p 4*

[Report by Chiraphon Chaisi: "Ten Point Policy To Clear Charges of Involvement With Khmer Rouge"]

[FBIS Translated Text] Thailand and Australia maintain stable relations characterized by mutual benefit and understanding. Australia provides Thailand with economic and technical cooperation as well as assistance in various areas. On 6 August 1990, the two countries signed an agreement on economic cooperation. The ceremony took place in Bangkok and was presided over on behalf of Thailand by Air Chief Marshal Sitthi Sawetsila, foreign minister at the time, and on behalf of Australia by Foreign Minister Gareth Evans. Both countries pledged to cooperate in the fields of trade, education, and technology for mutual benefit. Australia also provides Thailand with military assistance and weapons.

Only recently, something happened that strained the good relations between the two countries—Thailand was accused of continuing to assist the Khmer Rouge, which is being condemned worldwide for its atrocities.

According to the accusation, certain people in the Thai armed forces are still providing help to the Khmer Rouge. The accusation, made by Australian leaders, has been publicized worldwide and has damaged Thailand's image and honor.

Speaking in an interview on 7 November, Deputy Foreign Minister Surin Phitsuwan said the Thai Government explained to Evans during the ASEAN Foreign Ministers meeting in July that Thailand was not giving support to the Khmer Rouge. The Australian foreign

minister understands Thailand's position, but he has made this accusation at various times because of pressure. Australia, however, must try to take Thailand's honor and dignity into account.

Australian Ambassador to Thailand Cavan Hogue went to the Foreign Ministry to clarify the statements made by the Australian leaders. He told the Thai Government that the Australian prime minister and foreign minister did not directly accuse the Thai Government of support for the Khmer Rouge, but certain groups in Thailand have continued to support to the Khmer Rouge. The comment was made out of their desire to improve cooperation between Thailand and Australia in a bid to solve the Khmer Rouge problem.

The charge by the Australian leaders has drawn a strong negative reaction. The Thai Government and armed forces have denied it and reiterated Thailand's position on this matter.

One reason that foreign countries are inclined to accuse Thailand in this way is the fact that in the past Thailand really did help the Khmer Rouge and used the Khmer Rouge as a buffer against Vietnamese aggression. That was in the past, however.

Army Commander General Wimon Wongwanit and Prime Minister Chuan Likphai have clearly announced Thailand's policy on Cambodia:

1. Fighting between the Cambodian Government and the Khmer Rouge is Cambodia's internal affair. The Thai armed forces have nothing to do with it and will not support any party—especially the Khmer Rouge—in terms of weapons, other materials, or in deployment. This is aimed at avoiding misunderstandings by the Cambodian Government and other countries.

2. In case of violations of the border by spillover fighting between the Cambodian Government and the Khmer Rouge, Thailand will fire warning shots. If the warning shots are ignored, Thailand will open fire with real weapons. From now on, Thailand will step up information and intelligence gathering so that any firing it does cannot be exploited by any party as support fire.

3. Prevent Cambodians on both sides from using Thailand as a battlefield. Any elements from either side that cross into Thailand will be disarmed and pushed back into safe areas. Confiscated weapons will be returned to the Cambodian Government through the Foreign Ministry. Thailand will not return weapons to the Khmer Rouge.

4. Cambodian people fleeing the fighting into Thailand will be treated in a humanitarian manner. They will be pushed back into safe areas in Cambodia. Public relations campaigns will be launched to make these people understand the situation.

5. Thailand will not provide help or facilities to Khmer Rouge leaders entering, leaving, or transiting Thailand. It will not have contact with any Khmer Rouge official at any level.

6. Border people will be informed of the negative impact on national security from contraband trading and fraud.

7. The Army's stand is that of supporting national reconciliation without interfering in the country.

8. Decisions about opening temporary checkpoints will be made by the government and the armed forces will uphold the policy.

9. It is the responsibility of the Foreign Ministry to clarify with the Cambodian Government leaders regarding their allegations that Thailand supports the Khmer Rouge.

10. All concerned government agencies are required to uphold this policy strictly.

This is the policy of the Thai Government and armed forces concerning the Khmer Rouge. This policy has been given to all concerned agencies as of May.

#### Government Urged To Implement Khmer Rouge Policy

*BK1811122594 Bangkok THAILAND TIMES  
in English 18 Nov 94 p A4*

[Editorial: "Policy on Khmer Rouge Must Be Seen in Action"]

[FBIS Transcribed Text] It appears the controversy will not easily go away. Cambodia's new foreign minister, Ing Huot, has stoked the flames over the questionmark of aid to the Khmer Rouge. On Wednesday he said he supported claims made by Australian Foreign Minister Gareth Evans that some elements of the Thai military and businessmen continue to support the Khmer Rouge guerrilla faction fighting the Cambodian government.

Ing Huot made it clear that he was not accusing the Thai government of supporting the group which has been outlawed by the democratically-elected government in Phnom Penh. But he pointed the finger at elements of the Thai military and businessmen who have a big stake in the timber and gems trade in his country.

The heated debate was originally stirred up by Mr Evans and Australian Prime Minister Paul Keating who both made allegations that support continued to the Khmer Rouge. Although Mr Evans made a limited apology, saying he had maybe been a bit harsh in his criticism, and claiming his allegations had been based on information available up to July this year, he did not fully retract his statements.

The Australians are not alone in their concern. United States Secretary of State Warren Christopher is currently in Thailand and one of the subjects he will be discussing are the activities of the Khmer Rouge and the question of support for the group. The US has labeled it the region's top security issue and it has proved a testy point in US-Thai relations. The US Ambassador to Thailand

David Lambertson said earlier this year that Thailand was having problems implementing its policy of not supporting the guerrillas.

The US State Department plans to issue a report in February on the success of the Thai government's efforts to sever links with the Khmer Rouge. US President Bill Clinton is bound by law to end all financial assistance to Thailand if the report is unfavorable.

The present Thai Government under Prime Minister Chuan Likphai has vehemently denied support for the Cambodian faction and there is much to suggest that this is official policy. In a break with the past, Thailand is trying to strengthen its relationship with the Cambodian government and take advantage of the opportunities which could be presented in terms of business if there is peace in the country.

But while this is official policy, anybody who has spent time at the Cambodian border or traveled in Khmer Rouge-held areas will notice that Thai territory, Thai businessmen, and some elements of the Thai military are vital to the well-being of the Cambodian group.

Today the Thai relationship with the Khmer Rouge rests heavily on money, rather than political or ideological reasons. Although there have been allegations that some Thai military personnel still maintain contacts with the group because of their wariness of the perceived Vietnamese connection with the government in Phnom Penh, politics do appear to have made way for money.

As Prime Minister Chuan has admitted, the porous border has made it impossible to end contact with the Khmer Rouge. The difficulty of policing the border effectively also brings into question the movement of key Khmer Rouge officials. Despite the present public face of the Khmer Rouge leadership in the form of Khiem Samphan, analysts believe former leader Pol Pot still plays a key role behind the scenes, and that he has spent time in Thailand.

The territory of Thailand gives the Khmer Rouge strategic depth, and proves a source of supplies and trade. This is vital to their survival as a potent fighting force.

Rather than knee-jerk expressions of indignation and anger, the Thai government should be more careful with its response to the allegations of continuing support. It may now be government policy not to support the Khmer Rouge but there is a real need to see this policy in action. If the government believes it is on the right track and has nothing to hide, it should open up the border areas to international inspection and monitoring. Such inspections would not be a threat to the security of Thailand as the country is not at war with Cambodia.

And the government should seriously tackle the question of doing business with the Khmer Rouge. A ban on business would be hard to implement. But if the government is serious about bringing peace to Cambodia and improving relations, and business contacts with Phnom

Penh, the issue must be addressed. Only then will a confident rebuttal of continued support be in order.

### **Editorial Views Jiang Zemin Visit to Vietnam**

*BK2211093094 Bangkok MATICHON in Thai  
22 Nov 94 p 2*

[Editorial: "China-Vietnam"]

[FBIS Translated Text] The current visit to Vietnam of a PRC high-level delegation led by President Jiang Zemin has triggered all countries in the Southeast Asian Region to keep a close watch on the progress of the Sino-Vietnamese relations. The statement issued on the evening of 19 November, the first day of the visit, mentioned the friendship and solidarity between the two countries. However, it remains to be seen whether or not China and Vietnam will be able to settle the conflicts and solve the problems left over from the past.

Although China and Vietnam are socialist states striving to achieve communism, the two countries used to be at odds both politically and ideologically. China could not get along with the former Soviet Union. Vietnam, in those days, did not trust China and sought protection from the Soviet Union. When Vietnam sent its troops to drive the Khmer Rouge out of Phnom Penh and set up a new government to rule Cambodia, China did not waste any time in punishing it.

It was February when China launched an invasion into the northern part of Vietnam. China called it the war "to teach a lesson" to Vietnam. Vietnam was then regarded as "an obstinate student." The fighting was gruesome. However, the political and ideological conflicts between the two countries should be diminished now because the situation has changed. Both countries still feel the pain in their hearts. The only obvious disagreement between the two countries at present is the dispute over the ownership of the Spratly and Paracel Islands. Several countries claim sovereignty over these territories.

The question at this moment is how China and Vietnam will settle their dispute over the islands. They might not bring up this issue for discussion during the visit since many other countries are also involved. Therefore, the topic China and Vietnam should pick up for mutual consultation in line with the globalization trend is the capitalist-style economic development with the full power still in the hands of only the communist parties of the two countries.

Suffice it to say that the common problem of China and Vietnam is how to maintain the state power for the communist parties of the two countries. Following the defeat of the Soviet communist party and the debacle of the former Soviet Union, Vietnam has sought to learn how to develop itself from countries in the Southeast Asian Region. The PRC president's visit to Vietnam is an event worth our close attention. It is interesting to watch how the two communist countries will join hands

to develop themselves and maintain their political status quo amid the new line of thinking.

### Editorials View Outcome of APEC Summit

BK1911104094

[FBIS Editorial Report] Three Bangkok vernaculars—KRUNGTHEP THURAKIT on 17 November and THAI RAT and MATICHON on 18 November, carry editorials commenting on the outcome of the APEC [Asia-Pacific Economic Cooperation] meeting in Indonesia, which is summed up in the Bogor Declaration.

The 600-word editorial in KRUNGTHEP THURAKIT: "The Bogor Declaration Must Be Transformed Into a Reality" on page 2 says the recently completed summit reflected the sincerity of the APEC countries in their search for concrete steps to boost economic cooperation within a loose framework. The agreements reached at the summit constitute an initial success which can lead to the implementation of trade and investment liberalization. The success of the informal summit augurs well for future economic equalization, which will certainly contribute to a just and peaceful approach toward solving any trade and economic disputes in the future.

"However, it all depends on how the Bogor Declaration is transformed into action. All members will have to do their homework so as to achieve the goals of the declaration," the paper notes. Concerning Thailand, the editorial says: "For the sake of our own survival, we must work hard from now on to prepare ourselves for participation. We must be ready economically, socially, and politically. We must be able to leave behind all our backwardness. The Thai people must be on full alert from this moment."

THAI RAT's 600-word editorial on page 3, entitled: "The New Face of Global Trade," says that, if successful, the APEC will become the largest free-trade grouping in the world. As the world has already been divided into various trading groups, such as the EU, ASEAN, NAFTA, and finally APEC, the purpose of this latest grouping is again to promote the interests of the group and the growth of its members."

"Thailand has a dual status as a member of the ASEAN as well as the APEC. As an ASEAN member, Thailand should try to accelerate the AFTA scheme of the ASEAN bloc to better benefit from the APEC grouping. We must try to boost the bargaining power of the ASEAN bloc. We must keep in mind that the United States, Canada, and Mexico also have a dual status as members of NAFTA and APEC. We should expect competition within the group. We have to keep ASEAN united," the paper says, adding: "There is one more thing we should do, that is, to persuade all Southeast Asian countries to join the ASEAN bloc. This will help to expand the base of the developing economies in the APEC group and prevent a possible market takeover by developed economies. Thailand will be placed on the defensive if we have to commit ourselves to the group's plan when we are unready," the paper concludes.

MATICHON's 600-word editorial on page 2, entitled: "Thailand and APEC," notes that the outcome of the Bogor summit represents merely the broad guidelines for 18 countries to follow. Malaysia and Thailand have reservations, as is indicated in their "annexes" to the declaration. These attest to the gap existing between the developed and developing economies. Japan, a developed economy, wants to protect its agriculture. So, as we can see, developed or developing, countries tend to protect national interests first. Thus, the transformation of the Bogor resolution into realities does not seem to be an easy task.

"Developed or developing, all countries will be inclined toward protectionism to safeguard their national interests. Concerning Thailand, the prime minister himself attended the APEC summit and he should therefore know about the direction of the group and where Thailand will stand in 2020. He should be able to tell us whether free trade can be achieved in the next century and whether all countries will go by the rule. This is what the government should tell the people so that they can have some picture of the country's future and be willing to render full cooperation to the government," the paper says.

### Central Bank Governor on Interest Rate Policy

BK1911121394 Bangkok THE NATION in English  
19 Nov 94 p B2

[Report by Charuwan Loetwinyu]

[FBIS Transcribed Text] Interest rates in the repurchase market will be kept at about 5-7 per cent from now until the first quarter of next year, announced Bank of Thailand Governor Wichit Suphinit yesterday.

The target set for intervention by the central bank is designed to signal to the market the authorities' desire to tighten monetary policy as a means to eventually keep inflation in check. Wichit also pledged he was prepared to introduce other intervention measures to curb foreign capital inflows during the next few years.

The announcement came after Tuesday's 0.75 per cent increase in the US Federal Fund rates, which have prompted Thai commercial banks to raise interest rates. The central bank will set the minimum interest rate of the repurchase (RP) market at 5-7 per cent and is prepared to intervene immediately when the rate falls to such a level, said Wichit.

"Everything is aimed to ensure the inflation rate of 1994 and 1995 will not exceed five per cent," said Wichit. "Next year, industries will need funds to expand capacity. Therefore, though desiring to see less liquidity in the money market, we'll be careful of adopting measures which may lead to a sharp rise in interest rates as that will eventually affect the export-oriented industries."

Controlling the liquidity of the money market is one of the major policies advised by International Monetary Fund (IMF). It was adopted because the Bank of Thailand did not want to see a reoccurrence of massive excess liquidity which the economy witnessed at the end of 1993.

Wichit expressed confidence that the central bank can keep the inflation at 5 per cent, as rising commodity prices seem to have stabilized. Rising food prices have been evaluated as one of the major factors causing higher inflation this year. He added that next year, Thai economic growth will exceed 8 per cent due to the recovery of the world economy.

"Next year, the demand for credit will markedly increase due to the continued high export growth. Many industries will have to expand their capacities."

The increase in the prime interest rate is expected to help decrease consumer borrowing, which is seen as a positive sign that will allow the smooth flow of funds to industry.

"The prime rate is likely to reach 12 per cent but it may not be as high as the 14-15 per cent witnessed a few years ago. The rates should not be that high because that will undermine the basic investment."

Bangkok Bank [BBL], Thai Farmers Bank [TFB] and Krung Thai Bank [KTB] have just increased their minimum lending rate (MLR) by a quarter percentage point to 11.75. KTB's fixed deposit rates are raised by 0.5 to 1.25 percentage point to 9.75-10.25, higher than the range of 9.25-10 of BBL and TFB.

The rates are quite close to what they offer to non-resident baht [Bt] accounts, which became a major part of their funding in recent years due to a big differential in local and foreign interest rates. KTB's ranges between 8.75-10.25; BBL's 9.25-10; TFB's 9-10; and Siam Commercial Bank's 9-10.

The Bank of Thailand estimated that in the next 10 years, private and public investment will nearly double the investment needed for the past five years from US\$60 billion to US\$110 billion per annum.

Despite the significant rise in demand, the central bank believes non-bank institutions will bring in less foreign capital: this year's totals are US\$11-US\$12 billion, compared to US\$13 billion in each of the past two years. The amount will be reduced to US\$7 billion each year during the next 10 years due to higher local savings.

Commercial banks have borrowed over Bt3 trillion of foreign capital. The central bank considers too much is diverted to real estate projects.

"During the next few years, we'll monitor their borrowings. If that is too high, we're ready to intervene. At this stage, we've instructed the banks, especially the Thai ones, to be careful of the loans through their BIBF [Bangkok International Banking Facilities] unit for real estate or consumer purposes."

### Navy Warns of Security Risk Due to Undermanning

*BK211072694 Bangkok THE NATION in English 21 Nov 94 p A4*

[FBIS Transcribed Text] The Royal Thai Navy is facing a critical shortage of officers which could adversely affect the security of the country's territorial waters, Navy Chief Admiral Prachet Siridet said yesterday. Prachet, in an address at the 18th anniversary of the Thai Naval Academy in Samut Prakan province, said the number of officers in the service had fallen sharply since the abortive "Manhattan" coup of 1951.

On June 29, 1951, the Navy held the prime minister, Field Marshal Po Phibunsongkhram, hostage on a Thai warship. He was released by Air Force commandoes.

Prachet said the government should give careful consideration to the matter and decide if it really wanted to further reduce the number of naval officers as they were essential to the security of the country's territorial waters.

Naval officers had a major responsibility to protect shipping lanes, thus ensuring the flow of essential supplies, and to prevent any form of blockade by foreign forces. "At present, about 90 percent of Thai territorial waters are used by vessels supplying goods. If our waters are blockaded by foreign forces, not only the Navy, but the Army and the Air Force will also be affected," he said.

### Navy Plan To Buy NATO M-60 Tanks Approved

*BK221073794 Bangkok THE NATION in English 22 Nov 94 p A8*

[FBIS Transcribed Text] The Supreme Command has approved the Navy's plan to purchase more than 10 M-60 tanks withdrawn from North Atlantic Treaty Organization (Nato) forces, an informed navy source said yesterday. The source said the tanks will be used in training courses for naval officers in the Royal Thai Marine Corps, and the Navy plans to purchase another 50 M-60 tanks if it is allocated an adequate budget. According to the source, the marine corps requested the purchase of M-60 tanks several years ago. Approval of the request comes after the Supreme Command two months ago allowed the army to purchase tanks of the same model.

### Vietnam

#### Further on Visit by PRC President Jiang Zemin

##### Overview of 19-21 Nov Activities

*BK221062594 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 21 Nov 94*

[FBIS Translated Text] On 21 November, Comrade Jiang Zemin, CPC Central Committee general secretary

and PRC president, and his entourage paid a floral tribute to President Ho Chi Minh at his mausoleum and visited his home and office in Hanoi. The Chinese delegation's wreath bore an inscription which read: President Ho Chi Minh, great leader of the Vietnamese people and forever a close friend of the Chinese people. After the visit, Comrade Jiang Zemin wrote in the visiting book: An example of a revolutionary life and honesty.

On the same day, Comrade Jiang Zemin and his entourage laid a wreath at the Monument of Fallen Soldiers. The wreath carries an inscription: For the invincible, fallen revolutionary heroes who sacrificed for the Vietnamese national liberation cause.

In Ho Chi Minh City on 20 November, Comrade Jiang Zemin called on Nguyen Van Linh, adviser to the Communist Party of Vietnam [CPV] Central Committee. Comrade Nguyen Van Linh warmly welcomed the CPC general secretary's visit and wished that through this visit the cooperative relations between the two nations would be further strengthened and developed on the basis of mutual benefits. For his part, Comrade Jiang Zemin expressed the belief that his visit to Vietnam on this occasion would help strengthen the friendship and mutual understanding between the Chinese and Vietnamese peoples and that it would help expand all aspects of the cooperative relations for the mutual interests of the two nations.

In Hanoi on 21 November, Comrade Jiang Zemin paid a courtesy call on Comrade Pham Van Dong, adviser to the CPV Central Committee. Comrade Jiang Zemin expressed his delight at meeting with adviser Pham Van Dong again. He recalled his memories of a meeting with Comrade Pham Van Dong four years ago in the [Chinese] capital. He said that adviser Pham Van Dong is one of the veteran revolutionaries of Vietnam, who has made many significant contributions to building and strengthening the relations of friendship and cooperation between Vietnam and China. Adviser Pham Van Dong contended that Comrade Jiang Zemin's visit to Vietnam at this important juncture would mark a new stage of development in the relations of the two countries.

On the afternoon of the same day, Comrade Jiang Zemin and his entourage visited the Thang Long Cigarette Factory, which was built with China's assistance. After hearing a briefing on the activities of the factory, Comrade Jiang Zemin hailed its achievements. He viewed production units and machines and equipment provided by China at the factory. Afterward, Comrade Jiang Zemin and his entourage visited the Temple of Literature on Quoc Tu Giam Street in Hanoi.

Earlier on 19 November, Comrade Jiang Zemin visited Ho Chi Minh City. On the evening of the same day, Comrade Vo Tran Chi, secretary of the city party committee, and Truong Tan Sang, chairman of the city people's committee, hosted a banquet at the Thong Nhat Conference Hall to welcome the Chinese President and his entourage.

### Joint Communique Issued 22 Nov

BK2211023194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 21 Nov 94

[“Sino-Vietnamese Joint Communique” issued in Hanoi on 22 November]

[FBIS Translated Text] 1. At the invitation of Do Muoi, Communist Party of Vietnam [CPV] Central Committee general secretary, and SRV President Le Duc Anh, Jiang Zemin, CPC Central Committee general secretary and PRC president, paid an official friendship visit to the SRV from 19-22 November 1994.

Jiang Zemin, CPC Central Committee general secretary and PRC president, held talks with General Secretary Do Muoi and President Le Duc Anh. He also met with SRV Prime Minister Vo Van Kiet, CPV Central Committee advisers Nguyen Van Linh and Pham Van Dong, and other Vietnamese leaders. The talks and meetings were held in a friendly, honest, and straightforward [huwux nghij, chaan thanhf, vaf thawngr thawns] atmosphere with mutual respect and understanding. The two sides hold that the visit to the SRV by Jiang Zemin, CPC Central Committee general secretary and PRC president, is a fine success, which has elevated the friendly and cooperative relations between Vietnam and China to a higher level and a broader scope.

2. The two sides reviewed the new progress in bilateral ties since the normalization of Sino-Vietnamese relations in November 1991. They unanimously agreed that based on the guiding principles for the relations between the two parties and countries laid out clearly in the joint communiqes issued on 10 November 1991 and 4 December 1992, the further consolidation and strengthening of the neighborly and friendly relations and the mutually beneficial cooperation between the two countries will make these relations develop on a long-term and stable basis, conform with the pressing aspirations of the two peoples and the vital interests of the two countries, and will benefit peace, stability, and development in the region. Looking to the 21st century and to the future, the two sides pledge to accelerate the development of bilateral relations on a deeper and broader scale with every passing day.

3. The two sides emphasized the importance of stepping up economic and trade cooperation on the basis of equality and mutual benefit between the two countries for contributing to each other's development and to regional prosperity. The two sides signed the “Agreement on Establishing a Sino-Vietnamese Committee on Economic and Trade Cooperation,” the “Agreement on Automobile Transportation,” and the “Agreement on Cooperation in Guaranteeing the Quality of Import and Export Commodities and in Mutual Certification” between the two governments.

The two sides agreed to adopt effective measures to comprehensively implement the various agreements signed during the current visit, as well as the trade and

economic and technical agreements signed earlier to facilitate the long-term and stable development of economic and trade cooperation between the two countries.

4. The two sides reiterated the agreements concluded during high-level meetings conducted between the two countries since 1991 and reaffirmed that they will persist in peaceful negotiations to solve boundary and territorial issues existing between the two countries. The two sides are satisfied with the progress made in the government-level and expert-level negotiations between the two countries. The two sides agree to strive for an early settlement of the issues over the land boundary and over the division of the Gulf of Tonkin in accordance with the "Agreement on the Basic Principle of Solving the Boundary and Territorial Issues Between the Two Countries" signed by the two sides. Meanwhile, the two sides will continue negotiations on the issues involving the seas so as to seek a basic and long-term solution acceptable to the two sides. Before the issues are solved, the two sides will refrain from taking actions that will complicate or enlarge the disputes and will also refrain from using force or threatening to use force.

The two sides will conduct consultations in a timely manner and adopt a sober and constructive attitude to settle the disagreements that emerge and they will not allow the disagreements to affect the normal development of bilateral relations. Both sides agreed to form an expert group to deal with issues involving the seas to hold dialogues and consultations.

5. The two sides reaffirmed the consensus reached in the "Sino-Vietnamese Joint Communique" of 10 November 1991: The Vietnamese side reiterates that Vietnam recognizes the Government of the People's Republic of China as the sole legal government representing the entire China and that Taiwan is an inalienated territory of China. The Chinese side reiterates that it is resolutely opposed to the establishment of any form of official relations between Taiwan and countries having diplomatic relations with China, or to any form of contact of an official nature between them and Taiwan. The Vietnamese side indicates that Vietnam only conducts non-governmental [phi chinh phur] economic and trade contacts with Taiwan and will never develop official relations with Taiwan. The Chinese side expressed its understanding and appreciation of the above position of the Vietnamese side.

6. The two sides informed each other of the political and economic situations in their respective countries. The Chinese side briefed the Vietnamese side on the situation and tremendous achievements China has made in deepening reform, opening up wider to the outside world, vigorously developing production, and building socialism with Chinese characteristics. The Vietnamese side gave a briefing on the tremendous achievements Vietnam has made in innovations in various fields, in expanding international relations, and in socialist construction.

7. The two sides hold that maintaining peace and stability in the Asia-Pacific region and strengthening economic cooperation among various countries and regions conform to the common desires and fundamental interests of the peoples of all countries in the region. The Chinese side welcomes the new developments in the relations between Vietnam and ASEAN. The two sides expressed their willingness to contribute their share for peace, security, stability, and economic cooperation in the region.

8. Jiang Zemin, CPC Central Committee general secretary and Chinese president, expressed heartfelt thanks to the CPV, the Vietnamese Government, and the Vietnamese people for their solemn and warm reception, and invited General Secretary Do Muoi and President Le Duc Anh to visit China one more time at their convenience. General Secretary Do Muoi and President Le Duc Anh accepted the invitation with pleasure.

Hanoi, 22 November 1994

#### Jiang Zemin, Qian Qichen Meet Press

*BK2211055494 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 22 Nov 94*

[FBIS Translated Text] At the Presidential Palace in Hanoi this morning, 22 November, Comrade Jiang Zemin, CPC Central Committee general secretary and PRC president took time to meet with newsmen from Vietnamese newspapers and press agencies and answer many questions on his visit to Vietnam.

President Jiang Zemin said that, through his talks and meetings with Vietnamese party and state leaders, the two sides had agreed to continue consolidating the relationship between the two nations and expanding it on a broader scale in the 21st century. General Secretary Jiang Zemin had been favorably impressed by the achievements recorded by Vietnam in its economic renovation—achievements that were recognized the world over. The Chinese president expressed the belief that, under the leadership of the Communist Party of Vietnam, the Vietnamese people would successfully attain the objectives of making the people prosperous and the nation powerful.

President Jiang Zemin also answered the Vietnamese newsmen's questions on China's economic and foreign policies as well as on regional issues of mutual concern to Vietnam and China.

Also this morning at the Government Guest House in Hanoi, Comrade Qian Qichen, Chinese deputy prime minister and foreign minister held an international news conference, which was attended by a large number of Vietnamese and foreign newsmen. Minister Qian Qichen briefed newsmen on the visit to Vietnam by President Jiang Zemin. He answered many newsmen's questions on relations between Vietnam and China and on various regional issues.

**Leaders Witness Signing of Agreements**

*BK2211150094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Nov 94*

[FBIS Translated Text] Dear friends, the Vietnam-China agreement signing ceremony was held this morning at the Presidential Palace on the occasion of the official visit of Comrade Jiang Zemin, secretary general of the Communist Party of China Central Committee and president of the People's Republic of China. To witness the ceremony on the Vietnamese side were Comrade Secretary General Do Muoi, President Le Duc Anh, and many other high-ranking cadres. The Chinese delegation included Comrade Jiang Zemin and other distinguished guests.

Vietnamese Trade Minister Le Van Triet and Chinese Foreign Trade and Economic Cooperation Minister Wu Yi signed an agreement on establishment of a bilateral trade and economic cooperation committee, agreements on guaranteed quality of imported and exported goods, and on reciprocal recognition.

Vietnamese Communications and Transportation Deputy Minister Bui Van Xuong and Chinese Foreign Deputy Minister Tian Jiaxuan also signed a road transport agreement.

**Jiang Zemin Concludes Visit, Departs**

*BK2211142594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Nov 94*

[FBIS Translated Text] Dear friends: After his four-day official friendship visit to Vietnam, Comrade Jiang Zemin, general secretary of the CPC Central Committee and president of the PRC, left for home this morning. The send-off ceremony for Comrade Jiang Zemin and his entourage was held in a solemn and affectionate manner at the presidential palace.

Attending the send-off ceremony together with Comrade General Secretary Do Muoi and State President Le Duc Anh were many of our party and state high-ranking cadres.

Prior to Jiang's departure, Secretary General Do Muoi expressed his belief that the results of this visit to Vietnam by Comrade Jiang Zemin will contribute to strengthening the unity between the two parties, states, and peoples of Vietnam and China. Comrade Do Muoi said:

[Begin Do Muoi recording] China will be a very prosperous country. Its people will have a happy life, its political-social situation will be very stable, and its national defense will be steadfast. China occupies a very important position in the world arena.

Comrades: On behalf of our party and our people, I would like to ask you to convey my best regards to Comrade Deng Xiaoping, and to all Chinese veteran revolutionaries and party and state leaders. I hope that

all the comrade members of your delegation will travel home safely so they can return to work immediately. [end recording]

In his reply, Comrade Jiang Zemin said:

[Begin Jiang Zemin recording, in Mandarin fading into Vietnamese translation] Although my official visit to your comrades' homeland was short, the visit produced a very fine result. In the past few days, I visited Ho Chi Minh city and travelled to Hanoi to meet with leading Vietnamese comrades. The length of the visit was short, but the results were substantial. While in Vietnam, we felt very relaxed and happy to find that your comrades' country is very beautiful.

I met with Comrade Do Muoi and Comrade Le Duc Anh on several occasions. Whatever the scale of these talks, large or small, our two sides exchanged our views in a very honest and sincere fashion, and the results of these exchanges of views are very useful.

I am firmly convinced that the results of these exchanges of views will definitely have great significance and will have a profound impact on the relations of development between our two countries.

I also had a chance to meet with Comrade Nguyen Van Linh in Ho Chi Minh city and Comrade Vo Van Kiet in Hanoi. Yesterday, I also met with Comrade Pham Van Dong. The leaders of our two countries regarded these meetings as their get-togethers in which they recalled the deep-rooted friendship between our two countries. This is very useful to both sides.

Comrade General Secretary Do Muoi made very splendid remarks. The comrade asked me to convey the best regards of Vietnamese leaders to our Comrade Deng Xiaoping. I will definitely do so.

Yesterday, I also met with the leading comrades of the Vietnam-China Friendship Association, visited the Thang Long cigarette factory, and the Temple of Literature—an ancient cultural complex. Especially, in Ho Chi Minh City and Hanoi, the Vietnamese comrades held two very special art performances, and we found that all the numbers bore very special Vietnamese traits.

On this occasion, I would again like to express my sincere gratitude to you comrades for having accorded us a grand and warm welcome and having reserved for us your boundless sentiments. I am fully convinced that led by the Communist Party of Vietnam, the Vietnamese people will certainly achieve successes and your comrades' homeland will certainly be able to achieve bigger steps of development in the renovation and openness process you comrades are undertaking. [end recording]

Dear friends: Amid an atmosphere of comradeship and mutual understanding, General Secretary Do Muoi and President Le Duc Anh jointly escorted Comrade Jiang Zemin to his car. Prior to getting into his car, Comrade Jiang Zemin affectionately hugged Comrade Do Muoi

and Le Duc Anh. The motorcade with escorting motorcycles on both sides slowly rolled on, taking Comrade Jiang Zemin and his entourage to the Noi Bai International Airport, thus concluding their official friendship visit to Vietnam.

### **Foreign Minister Holds News Conference**

*BK2211134894 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Nov 94*

[FBIS Translated Text] This afternoon, at the Government Guest House, Vietnamese Foreign Minister Nguyen Manh Cam held a news conference with the participation of a large number of local and foreign reporters.

Foreign Minister Nguyen Manh Cam made public the results of the official friendship visit to Vietnam of Comrade Jiang Zemin.

The minister reported that the leading comrades of the two countries of Vietnam and China discussed the need to further strengthen the friendship and promote the cooperative relations between the two countries, trying to do in such a way as to make this friendship a lasting and stable one. Therefore, apart from keeping each other informed of the situation in each country, the two sides also discussed the need to step up their relations of economic and trade cooperation and to broaden their trade and economic cooperation encompassing investment. The leaders also proposed guiding principles for the resolution of pending issues in the relations between the two countries for the period ahead.

At the news conference, Foreign Minister Nguyen Manh Cam answered many questions raised by local and foreign reporters on those issues pertaining to the relations between Vietnam and China.

### **Vo Van Kiet, Do Muoi Receive Indonesian Minister**

*BK2211030194 Hanoi VNA in English 1543 GMT 21 Nov 94*

[FBIS Transcribed Text] Hanoi VNA Nov. 21—Prime Minister Vo Van Kiet and party General Secretary Do Muoi received here today on separate occasions Mr. Harmoko, minister of information of Indonesia, who is here for a working visit as guest of Minister of Information and Culture Tran Hoan.

Talking with Mr. Vo Van Kiet, Mr. Harmoko highlighted the results of his talks with Minister Tran Hoan and the Vietnamese Government's respect for the development of the friendship and cooperation, particularly in information, between the two countries. He said he hoped that the information cooperation would make positive contributions to the development of the comprehensive cooperation between the two countries, and help Indonesian businessmen to invest and effectively implement their projects in Vietnam.

For his part, Mr. Vo Van Kiet spoke highly of Indonesia's precious experience in its national construction in general and in the preservation of the national culture and information in particular.

While talking with Mr. Do Muoi, Mr. Harmoko expressed his satisfaction at the fine development of their cooperation in information, and noted that the two sides have many conditions for further developing their cooperation and exchanging experience in this field.

Mr. Do Muoi spoke about the achievements recorded by the Vietnamese people in the current renovation process, and affirmed his wish to develop the relations between the two parties, states and peoples of Vietnam and Indonesia, and strengthen their efforts for peace, stability and cooperation of development among countries in the region and the world.

While here Minister Harmoko and his party paid a floral tribute to President Ho Chi Minh at his Mausoleum, and called at some cultural establishments in Hanoi and other localities.

### **Party Delegation Meets With French Communists**

*BK2011112194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Nov 94*

[FBIS Translated Text] A Communist Party of Vietnam delegation led by Comrade Nguyen Duc Binh, member of the Political Bureau, secretary of the party Central Committee, and director of the Ho Chi Minh National Politics Institute, paid a working visit to the French Communist Party [PCF] 12-18 November at the invitation of the PCF Central Committee. The delegation had many meetings and exchanges of views with the Marxism Research Institute; the PCF Central Committee Foreign Relations, Education and Training, Party-Building, and Economics Departments; and PCF Central Committee members. Comrade Robert Hue, secretary of [words indistinct] who was unanimously nominated by the PCF to run in the French presidential elections, cordially received the delegation on 18 November.

### **Trade Agreement Signed With Palestinian Envoy**

*BK2011111594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 18 Nov 94*

[FBIS Translated Text] Acting on the power of attorney delegated by the two governments, Ta Ca, our country's deputy minister of trade, and His Excellency Sa'id Khalil al-Masri, ambassador extraordinary and plenipotentiary of the state of Palestine to Vietnam, signed a trade agreement between the two countries at a ceremony in Hanoi this afternoon. The objective of the Vietnam-Palestinian trade agreement is to create favorable conditions for the development of economic and trade ties between the two countries.

**Military Paper Discusses Significance of APEC**

*BK1811141394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 17 Nov 94*

[Article by Tran Nhun from 17 November QUAN DOI NHAN DAN]

[FBIS Translated Text] Following the four-day ministerial conference from 10-14 November, at 1518—0818 GMT—on 15 November at the Bogor Palace in Jakarta, Indonesia the unofficial summit conference of the Asia-Pacific Economic Cooperation forum, APEC, concluded with an important joint statement. Through many hours of vigorous debate on the contents and wording, and with great effort on the part of the host country and other leaders, the final statement of the conference—called the statement of common determination—was unanimously approved.

The statement consists of 11 points that affirm the ultimate objective of free trade and investment in the Asia-Pacific region by the year 2020. To reflect the unequal situation among APEC members and to protect the interests of developing countries, the statement sets two deadlines: 2010 for developed countries such as the United States, Japan, and Australia; and 2020 for the developing countries.

The results of this APEC conference send an alarming signal about the rapid globalization of the world economy. They also warn countries of the risks and challenges in the current fiercely competitive economic race. Public opinion, however, agrees that between the first APEC conference in Seattle in the United States and the second one in Bogor, APEC has achieved a significant leap, opening the prospects for the establishment of a giant free trade area in the Asia-Pacific region at the beginning of the next century.

APEC was established in 1989 at the initiative of Australia. Since then its membership has grown quickly, signalling its bright future. APEC originally had 12 participating countries; now it has grown to 18, including countries in three continents—Asia, America, and Oceania. So many countries have expressed an interest in joining that the conference's host country had to declare that APEC would not take any more members until after 1997.

Many countries joined APEC with the knowledge that it is an opportunity for them to develop their economies and for more cooperation and investment opportunities to solve complicated issues relating to regional and world trade. APEC has held great attraction since the day it was born because it responds effectively to the global trend of world economic development in the face of profound and rapid changes in the world's geographical and political map. From Seattle to Bogor, APEC has made historical and significant progress. In Seattle, the leaders drafted only the outlines of a free trade region. In Bogor, the elaborate design came to life with the geographical details of economic development and trade relations in a major region of the world.

The APEC region includes elements of contrast. It includes the world's two most powerful economies, Japan and the United States, together with other fast developing economies such as China, South Korea, and the Southeast Asian countries. There are also countries, however, that are struggling to escape the quagmire of recession.

APEC, which has a total population of 2 billion and accounts for 40 percent of the world's trade, has great potential. Its development in the coming years may create the dynamism to change international trade relations and investment. Realizing the great role and position of the Asia-Pacific region, APEC leaders have resolutely outlined a strategy to improve the economic situation of APEC member countries.

Despite its bright prospects, APEC also faces many complicated issues and great obstacles. Many countries are worried that APEC may be in danger of being controlled by the economic superpowers; that it will become a lasso for them. For this reason, Malaysia and some other countries are not very enthusiastic about the free trade plan. Malaysia's economy is not yet developed and its trade competitiveness is still too weak. Meanwhile, the enthusiasm of the United States toward APEC is manifested by the address at both last year's Seattle summit and this year's Bogor summit by President Clinton. Mr. Clinton is trying to explain that the United States joining APEC is in everyone's interest and that the United States has no hegemonic ambitions. Many countries, however, doubt the U.S. goodwill.

A U.S. newspaper boldly stated that Bill Clinton went to Bogor with the hope of expanding U.S. influence in the Asia-Pacific region, where its position and strength have been decreasing. The good old days for the United States here are gone forever.

The U.S. newspaper WALL STREET JOURNAL, after citing some statistics, offered this remark: The Asian countries are increasing trade relations among themselves. At the same time, they are finding ways to reduce their trade with the United States. The exchange of goods among Asian countries increased from 58 percent in 1980 to 65 percent in 1992, while U.S. exports to Asia decreased from 41 percent in 1980 to 34 percent in 1992.

The newspaper concludes: The U.S. is going into APEC with a carrot and stick policy. It wants to entice Asian countries, but it is also ready to retaliate against any trading partners that do not please it.

Japan, with its great economic and technology resources and enormous amount of cash in hand, is stuck in a dead end. If it follows the U.S. economic policy, it will offend other Asian countries. If it follows the Asian countries, especially the ASEAN countries, it will displease Uncle Sam.

Amid the chaos of complicated and delicate issues, APEC is like a person walking on a tight rope. Time will

provide an answer regarding its success. Moreover, the international community still wonders how APEC will expand its organization and where this will lead. It is reported that many European countries intend to apply for APEC membership. If APEC offers membership to European countries, it would loose its attraction to many Asian countries.

APEC has just been born but it has proven its strength in development, as evaluated by Indonesian President Suharto. APEC has outlined the future of the world economy. Yet APEC must still struggle with a lot of interesting issues from now until 2020.

### Leaders Cast Votes in Local Elections

*BK2011160194 Hanoi VNA in English 1535 GMT 20 Nov 94*

[FBIS Transcribed Text] Hanoi VNA Nov. 20—More than 43 million registered voters throughout the country went to the polls today to elect local people's committee. The general elections were held on a one-man-one-vote, direct and secret voting basis.

In the election day, which began from 7 A.M. and closed at 7.00 P.M. Some 3,100 deputies were chosen by voters from a total of 4,759 candidates for people's committees at the municipal provincial, district and ward/commune levels.

Latest reports showed that in most major cities and provinces about 90 per cent of voters cast their ballots some hours before the closing time. Party Secretary General Do Muoi and President Le Duc Anh were among the first Hanoians to cast their votes at polling stations.

More than 1,443,300 voters in Hanoi have selected 85 among 131 candidates for the municipal people's committees, 315 among 463 candidates for the district people's committee, and 4,949 among 7,603 candidates for the people's committees of the city wards or rural communes.

In the flood-stricken Mekong delta provinces, the percentage of voters was also high: Long An was on top of the list with 53.5 per cent. It was followed by Dong Thap (84 per cent), Can Tho (81 per cent) and Soc Trang (78 per cent).

### Government Seeks Investors To Build Oil Refinery

*BK2011150994 Hanoi VNA in English 1228 GMT 20 Nov 94*

[FBIS Transcribed Text] Hanoi VNA Nov. 20—Prime Minister Vo Van Kiet has ruled against building an oil refinery in the Ho Chi Minh City-Vung Tau-Van Phong Bay (Khanh Hoa Province) triangle, and has asked the Vietnam Oil and Gas Corporation (VOGC) and foreign investors to look at central provinces.

In the decision early this month, the government assigned the VOGC together with foreign partners to make a feasibility study on the construction of the Oil Refinery No. 1 in Dzung Quat, central province of Quang Ngai. The government says the site, situated near a port, has a number of advantages and its adjacent area has been built with infrastructure works.

Regarding the plan for a key economic zone in central Vietnam, the government assigned relevant offices and ministries to conduct research relating to the zoning of the plan from Lien Chieu Port area in Quang Nam-Danang Province to Dzung Quat in Quang Ngai Province, and then submit it to the government within December this year.

### \* Role of Energy in Industrialization Discussed

*953E0001A Hanoi TAP CHI CONG SAN in Vietnamese Aug 94 pp 24-28*

[Article by Le Nhu Hung, Ph.D., assistant professor: "Energy in Industrialization and Modernization in Vietnam"; for the Table of Contents as well as two other articles from the August edition of TAP CHI CONG SAN, please see the 26 October East Asia DAILY REPORT, page 82]

[FBIS Translated Text] Building the energy sector along the line of modernization is an important element of the cause of modernization in our country. This is not only a pressing requirement of the period from now to the year 2000 but also a fundamental requirement of the cause of renovation aimed at integrating our economy into the international community. I

In assessing the real state of our energy sector, we can focus on the following points:

Concerning the gross power output, with the combined capacity of the Hoa Binh Hydroelectric Power Plant and other hydroelectric and thermoelectric power plants currently in operation, we can only ensure a normal level of power supply for irrigation stations, enterprises, cities, townships, and a number of villages.... As for electrification of the countryside and power supply for changing the agricultural structure and industrializing agriculture, this is a demand that will take a long time to satisfy. Some experts have calculated that we will face serious power shortages when industrialization and modernization are strongly pushed forward.

Moreover, gasoline and various raw materials which should have been provided by the oil and gas sector for the chemical industry still have to be imported because of our lack of oil refinery and petrochemical facilities.

In the immediate future, to achieve the washed-coal output of 5,437,000 tons in 1995, the coal sector must make an effort in all fields, must restore its production capacity, and must lay the groundwork for strong development after 1997, when the thermoelectric power system in northern Vietnam expands its capacity (the

power sector alone will need 4.5 million tons of coal per year). By the year 2000, the coal sector must extract and market 10 million tons of washed coal.

With regard to oil, in addition to the White Tiger and Dragon oil fields, the Great Bear oil field may begin production in 1994 with an estimated initial yield of 3,300 tons daily; about 43 months after the signing of a joint-venture contract with a foreign oil and gas consortium (that is, by 1995), the output may reach 30,000 tons per day. But all this is only an estimate; everything still depends on the development of operations and many factors, of which the most important are the investment capital and a technical standards of the companies that have won the contract<sup>1</sup>.

Concerning hydroelectricity, after the Thac Mo project, we have started construction of the Yali hydroelectric power plant (in July 1993), with the first generator group scheduled to begin operation in early 1998. This project, which will take seven years to complete, will have a combined capacity of 600-700 MW, an output of 3.5 billion kilowatts per year, and a total investment capital of 5,713 billion dong (of which 1,803 billion are foreign capital).

According to the calculation of the Vietnam Mining Science and Technology Association, in the future, if the maximum annual coal output (10 to 15 million tons) and the maximum annual oil and gas output (30 million tons) are used entirely for electricity production, and if the existing hydroelectric power sources are fully tapped (about 90 to 95 billion kilowatts per year), Vietnam's total power output will still be 210 to 225 billion kilowatts per year at most, and the maximum average per capita distribution in the future will only hover around 1,000 to 1,200 kilowatts per year, far less than the current average per capita distribution of the world<sup>2</sup>.

Vietnam's per capita potential in coal is only about 15 tons of standardized fuel, while the world average is 106 tons per capita. Our oil and gas reserves are only about 47 tons per capita, slightly above 50% of the world average by the year 2000, which will be 91 tons per capita.<sup>3</sup>

The main causes of the difficulties facing us regarding energy are the following:

1. *We have been slow in setting forth a comprehensive, long-term energy strategy suitable for Vietnam's characteristics.* Reality has shown that we have only concentrated investment on large-scale hydroelectric power projects, oil and gas, and coal, and have neglected other forms of energy. Large-scale hydroelectric power projects require call for amounts of capital, time-consuming construction, and use of difficult techniques, whereas medium- and small-scale hydroelectric require little capital, can be built fast, and involve uncomplicated techniques, with the necessary contingent of technical cadres and equipment readily available in the country. According to still incomplete statistics, in our country

there are more than 400 locations suitable for the building of hydroelectric power stations of 100 kilowatts to 20,000 kilowatts capacity. If the building of hydroelectric power stations of under 100 kW capacity is also taken into consideration, the number of such locations will be many times larger.<sup>4</sup> Such hydroelectricity is highly necessary for the operation of water pumps, mills, the processing of agricultural food products, and lighting in the rural and mountain areas.

Coal, oil, and gas... extraction is necessary; we can exploit them on a large scale and easily make direct use of them. But such exploitation requires substantial capital and time; moreover, and oil and gas and coal are nonrenewable, our potential in coal and oil is limited, extraction conditions in Vietnam are replete with difficulties, extraction sites are far from the markets, and coal and oil also cause serious environmental pollution. Therefore, we can ill afford to neglect the tapping and full use of other forms of energy such as sun light, geothermal heat, aerobiology, the wind, sea waves... which are constantly regenerated, can be used in many places, do not cause environmental pollution, and are highly suitable for Vietnam's scattered, small-scale mode of production. For example, solar energy can be used almost all year round from the 16th parallel down; it can be used from June to September from the 16th parallel up and for about five months in the mountain areas.

If we have a strategy and plan for comprehensively exploiting and using all these forms of energy, energy supply will certainly be more bountiful and satisfy the needs of industry, agriculture, and daily life more quickly; at the same time, we will be able to save more capital mineral resources and to protect the environment more effectively.

2. *Losses and waste in energy exploitation and use remain rampant and serious.* Illegal and indiscriminate coal extraction by a number of unscrupulous "contractors," private individuals, sectors and localities has caused considerable waste of resources and difficulties to future mining operations. Even some state enterprises have failed to meet technical requirements in coal mining, striving solely to dig for coal but making little investment in earth-moving and gallery-building work. Exceedingly low labor and equipment productivity and high costs of materials and raw materials have caused great losses at a number of coal mines.

A large amount of accompanying gas sucked from the White Tiger oil field has been burned, and we have been slow in working out measures to resolve this problem. Many difficulties and hurdles remain, therefore, it is unlikely that this gas will be brought ashore for use in 1994.

The management and operation of the power transmission grid have remained unsatisfactory; transformer burning, transmission line breaking, and insulator shattering have continued to occur frequently, causing outages in many areas. There has been a considerable loss of

power, up to 40% or 50% of output in some places; in particular, the theft of power has been rampant and serious, and very little has been achieved in the effort to overcome this problem.

The failure to make economical use of energy a national policy has resulted in considerable waste of electricity, oil, and coal.

*3. Our coal and oil extraction technology still shows many deficiencies.* At present, our underground coal mining technology remains backward, nearly 50 years behind the world's technology; manual labor is the main method, and labor productivity is very low. At opencast coal mines, the level of mechanization is relatively high; but, because more than 50% of these mines are below the drainage level, and because we lack adequate technology, the productivity of our equipment—in particular power shovels and trucks—has been seriously reduced.<sup>5</sup> With regard to oil and gas, we still lack cadres who have mastered advanced technology; therefore, we still have to depend on foreign experts and the technology and technical standards of our foreign partners in our joint ventures with foreign countries.

*4. There have been many shortcomings in resource and environmental protection.* The Regulation on Mineral Resources Protection was published by the Council of State on 7 August 1989; but only three years later did the Council of Ministers issued Decree 95/HDBT on the implementation of that regulation. That was too slow. The provisions of the regulation and decree on mineral resources protection have not been seriously implemented. The recently promulgated Law on Environmental Protection itself has not yet penetrated life. II

The aforementioned state of affairs is worrisome. There must be timely and effective measures to ensure a steady and increasingly adequate supply of energy for industrialization and modernization in both the immediate and distant future.

*The immediate goal* is to satisfy the need for energy of the national economy in 1994 and 1995; at the same time, we must intensify our efforts to protect our resources and the environment; to control the loss and waste of energy in exploitation, shipment, and use; and to absolutely economize on energy. We must export crude oil and coal and improve the quality of exportable coal. At the same time, we must satisfactorily prepare various conditions—policy, strategy, plan, technology, investment capital, the contingent of scientists and technicians, skilled workers...—for a strong development and increasingly effective use of various sources of energy in the future.

*The long-term goal* is to effectively implement the energy policy, strategy, and plan already set; to provide sufficient energy for industrialization and modernization and for the electrification of the countryside; to provide sufficient fuel for the urban, rural, and mountain areas; to provide sufficient raw materials for the chemical and

metallurgical industries; to pursue a flexible oil, gas, and coal export policy to ever expanding and increasingly stable markets; and to gradually increase the proportion of Vietnam's shares in the joint ventures with foreign countries for the exploitation of energy, in particular oil and gas.

We must strive to achieve the aforementioned goals on the basis of a gradual modernization of the energy sector and of the following principal measures:

*First, we must formulate a comprehensive, long-term energy strategy suitable for the characteristics and needs for industrialization and modernization in Vietnam.* This strategy must be thoroughly imbued with the following fundamental viewpoints:

1. Expeditiously and comprehensively develop various forms of energy we are capable of developing; develop hydroelectric power on a priority basis and at a fast pace, in particular medium- and small-scale hydroelectric power projects; attach special importance to and intensify the exploitation of oil, gas, and coal; at the same time, expand the exploitation of various forms of energy such as the solar energy, aerobiology, the wind, sea waves, tidal water... wherever they are needed and wherever such exploitation is feasible. Continue to export oil and coal (eventually to export liquefied gas) according to a flexible export policy.

2. Optimize the exploitation and use of mineral resources along the following line:

- Perfect the energy structure and energy distribution; correctly determine the proportion of various forms of energy to be tapped in each specific period of time; and optimize the distribution of energy in support of industrialization and modernization.

- Increase the effectiveness of coal and oil and gas exploitation and combat waste in exploration, exploitation, and transportation.

- Make combined and effective use of mineral resources and hydroelectric power projects; build oil refineries and petrochemical plants at an early date; increase the use of coal as fuel for daily use and production in the countryside and the mountain and urban areas; and bring into full play the role of hydroelectric power in flash flood control, river transportation, fish breeding, and in the efforts to check forest destruction.

3. Absolutely encourage an economical use of energy by:

- Perfecting and renovating the technology and equipment of the enterprises currently in operation; determining the permissible rates of energy consumption for use in making calculations concerning the building of new factories.

- Ensuring structural changes in the economy to enable a more effective use of energy; manufacturing energy-saving equipment.

—Combating the waste and loss of energy at all links and in all sectors and enterprises; combating the theft of electricity and fuel; absolutely practice economization on energy in all official organs and public facilities and among the people through the application of educational, administrative, and legal measures and appropriate pricing policy.

4. Absolutely implement the Law on Environmental Protection, in particular at coal and oil fields, at enterprises using several types of "unclean" fuel, and in the cities. Conduct regular inspections and compel mine and enterprise owners (including state-operated mines and enterprises) to acquire the necessary equipment and apply measures to protect the environment and to improve the soil, forests, water sources, and air that are polluted or destroyed by them.

5. Attach special importance to and ensure investment capital for the implementation of the energy strategy along the following formula:

—Use short-term projects to sustain long-term projects.

—The state and people work together and the center and localities work together under a common national plan.

—Attract foreign investment capital and gradually increase Vietnam's shares in joint ventures with foreign countries.

—Use long-term loans at low interest rates obtained from banks around the world and from the International Monetary Fund.

6. The energy strategy must be put under the party leadership and the direct guidance of the government, and there must be close coordination and cooperation among different ministries, sectors, and localities concerned.

*Secondly, we must formulate long-, medium-, and short-term plans to implement the energy strategy. In my opinion, if the energy strategy is to be put into effect, we need to focus on the following points:*

1. Strongly push forward geological surveys and the investigation of our potential in hydroelectric power, solar energy, geothermal heat, aerobiology, the wind, sea waves... to provide a basis for the formulation of plans to tap various forms of energy and for a correct determination of their proportions for each period of time.

2. Investigate and calculate the energy needs of the economy and people in order to optimize energy distribution.

3. Ensure a steady balance between the amount of energy for domestic consumption and the amount to be exported by giving priority to providing energy for industrialization and modernization.

4. Optimally distribute various sources of investment capital for use in tapping different forms of energy and

reform the method of investing in capital construction in the energy sector to enhance the effectiveness of capital and to combat the waste and loss of capital.

*Thirdly, we must promote scientific research and the application of advanced technology in exploring, exploiting, and processing of energy resources along the following line:*

—Combine several different technological levels and make the most of advanced technology to exploit all developmental factors both in width and depth, paying more and more attention to development in depth. Fully exploit the advantages of medium- and small-scale enterprises.

—Attach special importance to improving technology at oil, gas, and coal mines and large hydroelectric power projects; at the same time, study and widely disseminate medium- and small-scale hydroelectric power technology and methods of tapping other forms of renewable energy (geothermal heat, aerobiology, sun light...) so that localities may participate in these projects in accordance with the formula of the state and people working together.

—Promote the application of combined technology in exploiting mineral resources to fully tap the existing reserves; apply modern processing technology to enhance the use-value of mineral products; make the fullest use of poor minerals such as peat, brown coal....

—Carry out mechanization and semi-mechanization of mine galleries on an appropriate scale, apply continuous-exploitation, highly mechanized and automated technology at those deposits where such application is feasible.

—Carry out research on technology for use in exploring, exploiting, and using underground gas in the Bac Bo delta; on technology for use in liquefying gas and coal and gasifying coal; on petrochemical technology....

*Fourthly, we must study the adoption of a flexible policy on importing and exporting oil, coal, natural gas. It is necessary to continue exporting crude oil and coal (and eventually, natural gas), but we should improve the quality of exported coal and quickly build oil refineries and petrochemical plants so that we will not have to export crude oil and will export refined oil and byproducts if the domestic market cannot consume them all.*

Along with promoting the investigation and surveys of oil, gas, and coal reserves, we should adopt a flexible export policy to ensure that priority is given to satisfying the needs of industrialization and modernization and to closely monitor and correctly forecast the price trends of the world market in order to export our products in the most beneficial manner.

*Fifthly, we must train a contingent of scientific and technical cadres equal to their tasks, maintain and develop the force of highly skilled energy workers whose health and living standards are constantly improved. We*

must adopt a plan to enhance the quality of the training of geological, mining, oil and gas, and electrical engineers, and to promote post-graduate training to quickly form a contingent of scientists, technicians, and managers measuring up to the world standards, and a contingent of experts capable of resolving complicated scientific, technical, and managerial problems in the energy sector.

We must adopt a policy to improve the professional skills while taking good care of the employment, living standards, health, and labor safety of the contingent of workers at coal, oil and gas mines, and at various hydroelectric power projects. We must pay special attention to those who work in arduous and hazardous conditions.

*Sixthly, we must launch a broad mass movement to draw all branches, localities, economic sectors, and the entire Army and people into participating in implementing the energy strategy, program, and plan, and contributing intellect, effort, and capital to achieving the goals set for each period of time under the party leadership and the state management. This is aimed at comprehensively and effectively exploiting all forms of energy, making economical use of energy, and satisfactorily protecting the resources and environment.*

#### Footnotes

1. According to the article: "The Great Bear Oil Field and Its Prospect" by Professor Pham Quang Du, Ph.D., published in THE GIOI MOI, issue no. 62, p 15.
2. Third draft of the general report: "*The Strategy for Development and the National Policy on Mineral Resources*," by the Mining Science and Technology Association, Hanoi, June 1994, p 11.
3. Ibid., pp 9-10.
4. ETUDES VIETNAMIENNES, Feb 1990, p 67.
5. Scientific Report, by the Mining Science and Technology Research Institute of the Ministry of Energy, pp 2-5.

#### \* Hanoi After Implementing Party Renovation

953E0001B Hanoi TAP CHI CONG SAN in  
Vietnamese Aug 94 pp 34-37

[Article by Le Xuan Tung, member of the Communist Party of Vietnam Central Committee and standing deputy secretary of the Hanoi Municipality Party Committee: "Hanoi After Two Years of Achieving a Breakthrough in Party Renovation and Reorganization"]

[FBIS Translated Text] Implementing the Resolution of the Third Plenum of the Seventh Party Central Committee on Party Renovation and Rectification, the Hanoi Municipality Party Committee has formulated Program No. 14 CT/TU on "Carrying Out the Task of

*Renovating and Rectifying Grass-roots Party Organizations,*" considering this program a "breakthrough." The process of renovating and rectifying grass-roots party organizations is to be implemented in two phases: *the concentrated phase and the regular phase*. The concentrated phase has been carried out for nearly two years (from late 1992 until mid-1994) to enhance the knowledge of cadres and party members and to resolve a number of urgent issues concerning organization such as: correctly analyzing and evaluating the real state of each grass-roots party organization; analyzing the quality of party members, assigning tasks to each party member, reviewing performances, and dealing with party members who make mistakes; guiding grass-roots party organizations in devising programs of action and operating regulations; determining the substance and measures of renovation and rectification in such a way as to ensure that they are practical and suitable for each grass-roots organization. Following this phase will be years of the regular phase.

Nearly two years after implementing the Resolution of the Third Plenum of the Party Central Committee and Program No. 14 of the Municipality Party Committee, Hanoi has obtained a number of initial results as follows:

1. *There has been a clearer perception of the role of grass-roots party organizations as a political nucleus; the manifestations of vacillation and rightist deviationism and the tendency to lessen the leadership position and role of grass-roots party organizations have been overcome.*

Before the movement for renovating and rectifying grass-roots party organizations was launched, the leadership position and role of many grass-roots party organizations in Hanoi were lessened, to a grievous level in some places. That was due to the negative influences of the international and domestic situation, namely the collapse of the socialist system in East Europe and the Soviet Union, the disintegration of the East European and Soviet communist parties, the seamy side of the market mechanism, the deficiencies and shortcomings of the new management mechanism, the slow renovation and rectification of party building work.... Most grass-roots party organizations have shown confusion in defining their leadership positions, substance, and methods. To date, however, all grass-roots party organizations have perceived more clearly the scope, substance, and responsibility of their leadership over the activities of their units in all respects; their erroneous perceptions of the role of grass-roots party organizations have been rectified. It can be said that in the conditions of the complicated changes in the world situation and in the conditions of our country's strongly shifting to the market mechanism and opening its door to the outside at present, asserting the leadership position of grass-roots party organizations vis-a-vis all activities at the grass-roots level and creating a high identity of views on this position are a very important step forward. A correct determination of the leadership position of grass-roots party organizations will not only contribute to strengthening the party's leadership role but also provide a basis

for setting forth leadership requirements, substance, and methods, and for formulating operating regulations for grass-roots party organizations in such a way as to suit them to the new situation. In addition, it will serve as the basis for party committee echelons to review performances, to see the relationships between different cases, and to realize their own strengths and weaknesses. Proceeding from this, party committee echelons will be able to set forth renovation and rectification themes and methods that are practical, specific, and comprehensive. At the same time, they will have the basis for criticizing the manifestations of deviationism and shortcomings.

*2. We have taken the first step in clearly determining a number of problems concerning the substance and methods of leadership of grass-roots party organizations in the new conditions.*

Reality has shown that the chief cause of the lessening of the leadership role of many grass-roots party organizations was the fact that these organizations were confused and unable to determine the substance and methods of their leadership when they switched to the new economic management mechanism. The new regulations of the Party Central Committee on the functions and duties of various forms of grass-roots party organizations, the five specific tasks set by Program No. 14 CT/TU of the Hanoi Municipality Party Committee regarding the "implementation of grass-roots party organizations renovation and rectification," and other directives have provided grass-roots party organizations with a legal basis for formulating their own operating regulations. If the scope, responsibility, and relationships between the administration and specialized services on one side and the party organizations on the other side, as well as the relationships between party committee secretaries and unit chiefs, were not clearly determined in the past, they are now defined relatively specifically.

Village party organizations have linked the party renovation and rectification process with the task of leading the implementation of socioeconomic tasks. They have also determined their responsibility to lead production and services; to build the new countryside; to promote a civilized lifestyle; to build families with culture; to implement social welfare policies; and to look after the people's spiritual and material life, paying attention to families that have rendered meritorious services to the revolution, war invalids, families of fallen heroes, and people without support. In the immediate future, they are concentrating on the task of reducing the number of poor households.

Subward and township party organizations, although they are still faced with many difficulties, have determined that their political tasks is to lead the efforts to develop production and services, to combat smuggling and tax evasion, to administer urban management, to maintain public order and security, and to build a lifestyle according to the new culture.

Grass-roots party organizations in state enterprises have concentrated their intellectual power and ability on

determining the goals, direction, and tasks of production and business development, and on working out measures to preserve and increase capital, create jobs, look after the livelihood of workers, fulfill their obligations to the state, and build safe and civilized units.

Grass-roots party organizations in nonproductive units (research institutes, hospitals, schools...) have clearly determined that it is their responsibility to participate in leading a satisfactory fulfillment of their units' specialized tasks, to thoroughly understand and correctly implement the party's lines and policies, and to improve the quality and efficiency of their work.

In various organs, grass-roots party organizations have paid greater attention to their responsibility to educate and train party members so that they may satisfactorily fulfill the specialized tasks of their organs.

With regard to organizational and cadre-related work, all grass-roots party organizations have clearly determined that it is the party's responsibility to lead and manage cadres in a unified manner. Party committee echelons or their standing bodies must collectively discuss and decide on the training, planning, fostering, evaluation, deployment, commanding, and disciplining of cadres under their direct management.

More than 1,000 grass-roots party organizations have formulated operating regulations. This has created a basis for party committee echelons to exercise their leadership over the political system at the grass-roots level and to determine the basic relations, in particular the relations between the party committee echelons and the administration and specialized services, and between party committee secretaries and unit chiefs. The majority of party organizations and chapters have formulated programs of action, highlighting the important tasks to be carried out in each period of time. Generally speaking, party committee meetings have acquired a more specific and practical content. After such meetings, resolutions have been issued on important tasks and personnel are assigned to carry them out. Many grass-roots party organizations have not stopped at formulating operating regulations; they have also promulgated regulations on the functions, tasks, operating procedures, party-building procedures... for subordinate part chapters.

*3. The capability and militancy of the contingent of party members have been enhanced.*

A noteworthy reality is that, nearly two years after renovating and rectifying grass-roots party organizations, the capability and militancy of the contingent of party members have been enhanced fairly palpably. Party members' confidence in the renovative line has been consolidated. The party character and the sense of organization, discipline, and responsibility of the contingent of party members have been rekindled. More than 90% of party members have participated in the reviews of party members' performances and in the analyses of

party members' quality. These activities have been seriously and strictly carried out at nearly all grass-roots party organizations. Results of the classification of party members have shown that more than 60% of party members brought into play their vanguard, exemplary roles and satisfactorily fulfilled their tasks; 30% were qualified but had some limitations; and the remainder, about 10% violated party membership standards or were not qualified. Through party members classification, many grass-roots party organizations sternly dealt with party members who had violated membership standards or were not qualified; on the other hand, they adopted fairly concrete plans to train party members or to help them improve themselves. Many party organizations applied interesting measures. For example, in Co Loa Village (Dong Anh District), the local party organization assigned 13 specific tasks to more than 95% of its members. Prior to assigning work, village and chapter party committees opened refresher courses, creating favorable conditions for party members to satisfactorily fulfill their tasks. Periodically, they reviewed performances, made adjustments, and promptly commended those party members who had satisfactorily fulfilled their tasks.

With regard to those party members who violated membership standards (category 3) and those who were not qualified for membership (category 4), various grass-roots party organizations dealt with them severely by crossing out the names of 492 members, accepting requests to leave the party of 304, and disciplining 1,092 (including 519 who were reprimanded, 418 warned, 30 dismissed, and 125 expelled).

Recruitment of new party members has improved both quantitatively and qualitatively over the past. In 1993, the Hanoi Municipality party organization admitted 1,700 new members, an increase of 18% over 1992. The college and higher education bloc in particular admitted 300 members, 200 of whom were college graduates or postgraduates.

To date, it can be said that the contingent of party members of the Hanoi party organization has been screened one step further. Thanks to this, the party character and political activism of party members have been brought into play and their vanguard, exemplary roles have been defined more clearly.

*4. The contingent of party committee members, in particular the standing bodies and permanent members of party committees, have been consolidated and strengthened.*

Over the past nearly two years, Hanoi has examined and analyzed the specific quality of each party committee echelon and member in all grass-roots party organizations in order to adopt plans and measures for gradual consolidation and strengthening. Through examinations and reviews, to date the municipality has replaced about 20% of party committee members and key cadres who failed to fulfill their duties, who were incapable, or who violated ethical standards. The practice of passing the

buck and of all committee members (in particular party chapter committee secretaries) taking turns doing party work has been basically overcome. All key leadership positions are now held by able and prestigious comrades. In many places, party committee secretaries have the same standards as unit chiefs and administrative leaders. At the same time, the party character and the sense of responsibility of the majority of specialized unit chiefs toward party committees have become fairly evident. Many party members who are heads of units, organs, enterprises... also serve directly as party committee secretaries. At the village level, many party chapter committee secretaries directly serve as village and hamlet chiefs. In various colleges, more than 80% of party committee members are professors, assistant professors, PhD's and MA's.

*5. The system of grass-roots party organizations has been rearranged to be suitable for populated areas or specialized duties.*

Many grass-roots party organizations have rearranged their party chapters in accordance with populated areas or specialized duties, production, and business. In villages, party chapters are organized according to hamlets, sectors, and trades (schools, health stations, day-care centers...). The model of organization in which the party chapter secretary also serves as the hamlet chief has been widely applied and has had a salutary impact. At the subward level, many subwards have a very large number of party members. In such subwards, we have advocated setting up component party organizations (a subordinate level of the subward party organization). Organizationally, component party organizations are closely linked with population groups and party chapters are closely linked with city residents cells. Many component party organization secretaries and party chapter secretaries serve as population group leaders and city residents cell leaders respectively. This form of organization enables the party chapters and party organizations in a subward to maintain closer contact with the people and to carry out their leadership duties more specifically, realistically, and effectively. In enterprises, all party chapters and component party organizations are organizationally linked with production and business units. To strengthen the organization and improve the quality of party leadership in state enterprises, Hanoi has set up three party organizations of the business bloc (immediately above the grass-roots level), namely those of the light industry, energy, and tourist industries. These bloc party organizations are beginning their operation, and we will draw experience from their activities before applying this form of organization more widely.

The combined results of the movement to renovate and rectify grass-roots party organizations are mainly reflected in the implementation of socioeconomic tasks. We realize that as long as the results of the implementation of socioeconomic tasks are not used as a measure of the results of party building work, the party building movement will remain confined solely to party work. A

heartening fact is that, over the past three years, the capital city's economy has developed in relatively comprehensive manner and at a fairly high growth rate (averaging nearly 11% per year), the job market and the people's living standards have been improved, the political situation has been stable, and progress has been made in the maintenance of public order and security.... These overall achievements are due in part to the positive impact of party building work. However, the level of exploitation of potential has not been even among all grass-roots units; in some places, this level has been all too low and ineffective. This shows that the goal of party building work still has to be defined so that efforts may be made to achieve it.

There are many reasons for the results of the recent party renovation and rectification movement in Hanoi, but, first of all we must mention the following chief reasons:

—Under Program No. 14 CT/TU of the Hanoi Municipality Party Committee, our choice of the task of renovating and rectifying grass-roots party organizations as the main effort to implement the Resolution of the Third Plenum of the Party Central Committee was correct and consistent with the actual situation of the Hanoi party organization. Therefore, that choice won the approval and support of large sections of cadres, party members, and the people.

—The Hanoi Municipality Party Committee and its standing committee gave close, scientific guidance from the conduct of surveys and the formulation of programs to the organization of implementation. The duty handover, information, and control procedures were maintained fairly well. Symposia were held to draw experience from each area and each form of grass-roots party organization. All deviations were promptly detected and rectified. Valid experience and good deeds were disseminated; progressive models were widely multiplied....

—Having realized the importance and practical significance of the Resolution of the Third Plenum of the Party Central Committee and Program No. 14 CT/TU of the Hanoi Municipality Party Committee, all ward and district party committees and their subordinate party organizations as well as the grass-roots organizations displayed high resolve, brought into full play the collective intellect, and showed initiative and creativity in substantiating policies and plans formulated by the upper echelons for application to their own areas and units.

—Various central-level departments, ministries, and sectors and the mass media promptly offered coordination, assistance, and encouragement.

—The Hanoi party organization humbly learned from and took in the good experience of other provinces and cities....

The results obtained by the Hanoi party organization throughout nearly two years of carrying out the task of

renovating and rectifying grass-roots party organizations are only initial ones. There still are many new problems that we must continue to resolve. At present, we are beginning to carry out the second phase of the movement for party renovation and rectification. In the immediate future, from now until the end of 1995, our main task is, on the one hand, to further improve the quality of what was achieved in the first phase and to turn party building into a regular practice; on the other, we will carry out tasks that were not considered central ones to be fulfilled in the first phase. All this is aimed at a single goal: using the results of party building as a moving force to promote the fulfillment of the political tasks and major programs of action of the Hanoi Party Committee, and considering this fulfillment a measure of the results of the efforts to renovate and rectify party organizations at each level, each organ, and each unit. Specifically, we will:

—Continue to hold a number of symposiums on renovating the leadership substance and method of grass-roots party organizations.

—Guide the efforts to examine performances, to draw conclusions, and to definitely deal with those cadres and party members who violate party membership standards or who are not qualified for party membership (categories 3 and 4). At the same time, we will consider and recognize the progress made by cadres and party members who have made satisfactory efforts to improve themselves and who have succeeded in rectifying their shortcomings and weaknesses.

—Continue to examine and analyze the quality of party members, and to accurately classify them to permit a correct assessment of the actual state of the contingent of party members.

—Guide the efforts to draw experience from past work and supplement the contents of the operating regulations of various grass-roots party organizations.

—Turn the activities of party chapters and organizations into regular practices, thereby giving these activities a truly militant and educational character.

—Concentrate on overcoming within a short period the remaining weaknesses and deficiencies of grass-roots party organizations and continue to deal with new weaknesses and deficiencies.

—Apply measures to renovate the substance and methods of operation of party committee echelons immediately above the grass-roots level; clearly define the leadership substance and methods of party committee echelons vis-a-vis the administration and other member organizations of the political system.

—Carry out renovation and rectification of the administration at all levels and the mass organizations.

—Apply ourselves to building the contingent of cadres, in particular key cadres, to bring about significant change in cadre-related work.

—Study and eventually clearly define the substance and methods of operation of party organizations in joint ventures and associations with foreign countries, limited liability companies, and private businesses.

—Further promote party development to infuse the party with new vitality and to rejuvenate the contingent of party members of each party organization.

The Hanoi Municipality Party Committee and its Standing Committee will regularly give closer direction and guidance to the renovation and rectification of the party in general and the renovation and rectification of grass-roots party organizations in particular to make the capital city's party organization stable, strong, and equal to the requirements of the new situation and tasks.

## Australia

### Impact of U.S. Elections on World Economy Assessed

BK211142294 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 10 Nov 94 p 18

[Editorial: "America's Political Revolution"]

[FBIS Transcribed Text] The historic defeat of the Democrats in the United States Congressional election will make the US more difficult to govern and make the world economy a more dangerous place for heavily-in-debted countries like Australia.

Unexpectedly strong growth and rising house prices have cut the US Budget deficit to a five-year low (the rising house prices have reduced the cost of the Savings and Loans bailout).

However, as a memo leaked from the Office of Management and Budget makes clear, the US will need another round of tax increases or spending cuts in order to stop the Budget deficit widening again in the second half of the decade. The reason is the expected growth of spending on health care and welfare entitlements.

According to the memo, the growth of spending on entitlements could see the deficit grow from about \$US 170 billion (2.4 percent of GDP) next year to \$US 400 billion (3.6 percent of GDP) in 2004.

To cover the cost of a modest tax cut and President Clinton's public investment programs while reducing the Budget deficit to below 1.5 percent of GDP, the Office of Management and Budget estimates that President Clinton may have to find a cumulative \$US 700 billion of additional tax increases and spending cuts.

The danger is that yesterday's election result will make both sides of US politics less willing to make those savings.

President Clinton, who will be seeking to rebuild his popularity in time for the 1996 presidential election, may be unwilling to seriously tackle additional deficit reduction measures. Indeed, he may be tempted to increase the size of his tax cut.

With the Congress in Republican control, President Clinton's political strategy may become more like that employed by his predecessors: blame his opponents in the Congress for the gridlock and for the Budget deficit, while putting up popular measures and daring the Congress to pass them.

The White House's willingness to push difficult deficit reduction measures may be further reduced if the Republicans successfully use the congressional committees to attack the President's personal standing.

But even if Present Clinton doesn't completely drop the fiscal ball, the Democrats in Congress, who have been

burnt by President Clinton's fiscal reduction package, might. And so might the Republicans.

The Republicans have been running on a populist program of tax cuts, increased defence spending and a balanced Budget.

Undoubtedly the more substantial of the Republicans have more measures than that in mind. But confronted with a more populist President, the Republicans may become trapped by their own rhetoric.

A blowout in the US Budget deficit could complicate economic management in Australia. A bigger deficit would force the US to place heavier reliance on monetary policy to regulate growth and contain inflation.

The result—higher real interest rates and an appreciation of the US dollar—would have conflicting effects on the Australian economy.

On the one hand, the higher US dollar would stimulate Australian exports, both to the US and to countries such as Japan which sell to (or compete with) the US. On the other the stronger US dollar and the increase in world interest rates would increase the burden of servicing Australia's foreign debt.

However, the net effect almost certainly would be negative, not just because of the relative size of Australia's foreign debt, but also because in a real world of J-curves and jittery markets, the uncertainty would be working against us.

Unfortunately, the defeat of the Democrats may complicate more than fiscal policy. There is now said to be a real risk that the outgoing Congress will fail to ratify the Uruguay Round of the GATT.

If that happens it will be for base political reasons. If the Republicans, who believe in GATT and the benefits of free trade, withdrew their support for the treaty it would be simply in order to deliver a further political blow to the President.

But even if the GATT deal squeaks through the Congress, the weakened President will be under pressure to use the still-considerable loopholes in the treaty to protect US trade interests.

An obvious example is the 1995 Farm Bill in which the Export Enhancement Program, previously used against the Europeans, will now be used in reduced form for "market expansion and promotion".

More dangerously, as Japan's current account surplus expands, President Clinton will come under pressure to extract showy concessions from the Japanese.

That's the kind of tension that can start a crisis on world currency markets—and pity help any indebted little currency that gets caught in the storm.

**Keating's Bid To Tie U.S. to Asia-Pacific Viewed**  
**BK211124594 Sydney THE AUSTRALIAN**  
**FINANCIAL REVIEW in English 9 Nov 94 p 15**

[Commentary by Tom Burton: "The Region Confronts The Realities Behind The Rhetoric"]

[FBIS Transcribed Text] How times have changed. Five years ago as Treasurer, Mr Keating had little patience for trade policy, deriding the tedium of trade negotiations and declaring it was like watching the grass grow.

Now as Prime Minister, free trade has become his most passionate ambition, working tirelessly over the past 30 months for his grand vision of a pan-Pacific trade area.

The benefits to a trade-based economy like Australia from cutting trade barriers within the region need little explanation.

As Mr Keating has noted, the APEC [Asia-Pacific Economic Cooperation] region represents more than half of the world's production and any political arrangement which integrates Australia into these economies has to help.

But while next week's Bogor meeting will determine what, if any, dates the leaders are prepared to agree to for the achievement of a free trade area, for Mr Keating APEC has far wider benefits.

Behind Mr Keating's determination is a strongly held view that APEC will be the vehicle to ensure the US remains focused on the Asian region, both economically and strategically.

The key to Mr Keating's thinking on APEC is his concern that the greatest danger to economic dynamism in the region is still a post Cold War fracturing into competing trade blocs.

As he noted in a recent speech, for Mr Keating a decision to back APEC is a decision by the region that it wants its major institutions and structures to be trans-Pacific and not overly focused on East Asia.

"My own very strong view is that the sort of region Australia wants to see and the sort of regional structures we need to encourage are trans-Pacific," he told the Asia-Australia Institute recently.

"This doesn't stem from any lack of comfort on my part with Australia's place in Asia, but from the conviction that Australia and the Western rim of the Pacific—all of us—are better off in a region which is shaped by and sustains our major economic and security linkages. And these remain heavily trans-Pacific."

As he noted, the US remains Asia's single largest market with one-fifth of all East Asian trade with the US and on the latest figures the US accounts for more than a quarter of the total stock of foreign direct investment in East Asia.

Not only is the US central to East Asia's economic well-being, but in Mr Keating's mind it is essential to ensure the US remains strategically locked into the region.

"At present we have the highly unusual situation in which the world's second largest economy, Japan, is a strategic client of the world's largest economic power, the United States. This is unprecedented historically," Mr Keating recently observed.

"Try to imagine Britain and Germany being in such a position early this century.

"All our interests—those of the US, Japan, Australia and the other countries of the region—are served by the preservation of this relationship of strategic cooperation."

It is the prospect of enhanced market access, which Mr Keating had used as the bait to entice the US to remain engaged in the region—at a time where it is under significant pressure to join with southern American economies in a pan-American trade zone.

For Mr Keating having the US in APEC is the key to holding the various disparate groups within APEC.

For Japan the involvement of the US in a multilateral forum such as APEC gives it an opportunity to defuse trade tensions between Tokyo and Washington. For China it gives a chance to sit at the same table as the world's two major economies in a period where it is pushing for international acceptance.

And for East Asia the US is a counter weight to Japanese and Chinese adventurism ensuring a balance in the region and lowering pressures for an arms build up.

But while there is an economic logic in US involvement in the region Mr Keating is not convinced that left to its own, a traditionally Atlantic centric Washington would remain engaged in the region.

Which is why US endorsement for the free trade concept is about far more than the economic gains which will flow from free trade.

APEC in Mr Keating's eyes is an historic opportunity to lock the US into the region.

**McMullan: APEC Needs To Hold Annual Review**  
**BK2111072994 Hong Kong AFP in English 0345 GMT**  
**21 Nov 94**

[FBIS Transcribed Text] Sydney, Nov 21 (AFP)—The Asia Pacific Economic Cooperation (APEC) group's 18 member economies should hold annual reviews of trade liberalisation measures to ensure its free-trade timetable is on track, Trade Minister Bob McMullan said Monday.

Outlining Australia's proposed APEC "action plan", McMullan told a business breakfast here that the reviews

would be similar to those under the existing General Agreement on Tariffs and Trade (GATT) world trade system.

GATT members are required to regularly "put their trade policies under the microscope".

McMullan, who attended last week's meeting of APEC ministers in Jakarta, said the purpose of the plan was to allow countries to explain their trading regimes and conformity with GATT rules, and to allow trading partners to raise any concerns.

"At a broader level, the GATT trade policy review mechanism serves as a confidence-building measure, and as a device to keep up pressure for trade policy reform.

"The establishment of a similar review process within APEC would help provide assurance that all APEC participants are moving forward toward free trade and investment, and adhering to other APEC commitments, including standstill."

APEC leaders meeting in Bogor, Indonesia, last week agreed to aim for trade liberalisation by 2020, with the developed members such as the United States and Australia achieving the target by 2010. But the leaders agreed only to the target date, leaving details to ministers and officials.

McMullan also suggested APEC set up a voluntary mediation service to serve "as a half-way house before the full dispute settlement processes of the GATT".

Other issues needing to be addressed included industry and country-specific measures to liberalise trade, and agreement on how comprehensive the deal should be.

These included whether APEC should be preferential or based on the Most Favoured Nation (MFN) trading status approach. Under MFN, the free trade benefits would be available to all nations, while the preferential approach would extend the benefits only to other APEC nations.

"The issue is a contentious one, and will not be easy to resolve," McMullan said, adding that the options would become clearer with time.

Australian Prime Minister Paul Keating has suggested that next year's leaders' meeting in Japan would decide the issue.

APEC membership rose last week to 18 when Chile formally joined Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the United States.

### Impact of APEC Accord on Dairy Industry Assessed

BK211124794 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 9 Nov 94 p 25

[Commentary by Peter Gallagher, chief executive officer of the Australian Dairy Industry Council: "Lands of Milk And Money"]

[FBIS Transcribed Text] There are two very good reasons for giving a tick to accelerated APEC [Asia-Pacific Economic Cooperation] trade liberalisation: one is that the APEC region is where the greatest growth of trade opportunity is occurring. The second reason is that the alternative to freer trade with regional countries is being closed out of regional agreements that do not include Australia.

No industry better demonstrates those opportunities and those dangers than Australia's biggest processed food exporter, the dairy industry, which has captured large markets in the APEC region after being closed out of European markets.

Last year, dairy firms exported value-added products worth more than \$1.3 billion. That's about the same value as motor vehicle exports.

Almost all of our sales are to Asian and Pacific destinations where Australian dairy exporters hold a 30 per cent share of imports. In the past few years these markets have accounted for 80 per cent of our export sales.

The dairy industry would be a winner from an APEC trade liberalisation agreement that included food products. We would like nothing more than accelerated liberalisation of ASEAN and other Asian markets and better access to the huge—but relatively closed—US market where the EC has better access than Australian companies.

Non-tariff barriers such as import bans or local product mixing regulations will remain common throughout the region until the Uruguay Round is implemented. Barely 3 per cent of the US cheese markets is open to imports and despite the historic cuts in import subsidies, both the US and the EC have plenty of elbow room left to carve a swathe through the APEC region with subsidised product.

If free trade sounds unrealistic, how about much freer trade in APEC? The fact is, many of these countries are already liberalising their trade on a sub-regional basis at a faster rate than planned in the GATT agreements. And they already base key commercial policies on those existing deals.

The world will not stand still if APEC cannot reach an agreement and most of these countries have other options. Except, that is, for Australia and New Zealand who already suffer the unhappy distinction of being the only developed countries without free access to markets of at least 100 million consumers.

North America is considering extending its own free trade area to the south—not to the west. ASEAN governments are also developing a narrower ASEAN Free Trade Agreement and, despite its recent loss of momentum, the East Asia Caucus proposed by Dr Mahathir would get a push along if the APEC proposal fizzled.

These proposals could close us out of growth opportunities in one area of the world where net import demand for our exports is rapidly growing.

No industry knows better than dairy the consequences of being locked out of a free trade agreement. Twenty years ago, when the UK joined the EC, we were shut out of a market that in the five previous years had accounted for 80 per cent of our butter exports—then our biggest export item.

Luckily, there were then other options: in the following year, butter sales to Japan jumped 130 per cent and Australian supply of milk powder broke into the Japan schools milk program for the first time.

Adjustment to international trade competition—fair and unfair—in the two decades that followed the loss of the EC market and the build-up of EC surpluses has been a hard road for the dairy industry. Twenty years ago, import protection, government underwriting of export returns and a variety of bounties shielded the industry.

Now, following the Uruguay Round, we will have tariffs with an incidence around 2 per cent and a support program designed to ensure levels of assistance no higher than 5 per cent in five years' time. And the New Zealand dairy monopoly now has free trade access to our market.

We have lost half the farms and half the factories we had 20 years ago, but the industry is processing record volumes of milk, at lower cost than our competitors, and will soon sell more than half of the milk produced as value-added dairy foods on export markets. The dairy industry is looking to reap the benefits of this adjustment.

The best option which seems to be on offer at Bogor is acceleration of the Uruguay Round agreement by APEC countries. The faster the better as far as we are concerned. But why should it be "unenforceable" as Senator McMullan has warned. (AFR [Australian Financial Review] November 7). Why can't it be enforced by the same sort of reciprocity that has worked so well in the GATT for almost 50 years?

There is a lot of ignorance about the benefits of trade reciprocity. Handled correctly, it harnesses the self-interest of participants to a trade liberalisation band-wagon.

### **PRC Intelligence Said To Have Infiltrated Firms**

*BK2111142494 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 10 Nov 94 p 19*

[Article by Brian Toohey: "Curbing China's Arms Growth"]

[FBIS Transcribed Text] Members of the Australian Security Intelligence Organisation (ASIO) have turned themselves into corporate sleuths in order to track the activities of the Chinese intelligence service within Australia.

The picture that emerges is a long way removed from the benign portrayal of China to be unveiled when the Government releases its Defence White Paper later this month.

According to those who've seen its analysis, ASIO has identified at least six joint China-Australia business ventures whose directors include known members of the Chinese intelligence service. Other intelligence officers have been identified as working for Chinese companies trading here.

The Chinese intelligence service has long been active in Australia in promoting Beijing's political interests and undermining Taiwanese influence.

In ASIO's assessment, Chinese intelligence officers are now concentrating more on infiltrating companies with access to the technology needed to support the massive military build-up by the People's Liberation Army (PLA).

Although ASIO may be overstating what technology is available in Australia, there is little doubt that the Chinese leadership is determined to develop a level of military power rivalled only by the US.

This trend—which is entirely contrary to the behaviour of other major players in the post-Cold War era—should place China squarely at the centre of Australia's security concerns.

Yet the Defence White Paper seems set to shirk the issue, confining itself to a desultory remark about how it will be important to monitor how China uses its growing power.

There are few signs, however, that increased Chinese military power will be accompanied by a more conciliatory approach to the rest of the world.

Even while it lacks full superpower status, China shows scant regard for what others consider to be the minimum requirements of good international citizenship.

It is loathe to recognise basic human rights or enter into international arrangements that might inhibit its freedom to acquire more weapons of mass destruction.

Over the past 12 months, for example, it has displayed nothing but contempt for Australian protests over the clear violation of the rights of one of its citizens, James Peng, who has been kidnapped and detained without trial in southern China.

China refuses to renounce its claims to Taiwan and continues to use torture to maintain its occupation of Tibet.

It has signed, but not ratified, the Chemical Weapons Treaty in which Australia rightly invested a huge diplomatic effort. Instead, it remains an active producer of nerve gas.

It is not a party to the Comprehensive (Nuclear) Test Ban Treaty due to come into force in 1996, nor has it

shown any willingness to cut off the production of weapons grade fissile material in line with US and Russian initiatives.

On the contrary, it continues to test nuclear weapons as part of an expansion program that dwarfs anything contemplated by North Korea. The development of a long range submarine-launched nuclear-armed missile (the Julang-2) is well advanced, while work continues with battlefield nuclear weapons whose main purpose is to fight a nuclear war rather than deter one.

China ignores pleas to discourage the spread of ballistic missile technology, preferring instead to supply nuclear threshold countries such as Pakistan with the M 11 missile.

While other major powers have, at least, restrained their military outlays following the collapse of communism in the old Soviet empire, China has begun an unrelenting build-up.

Significant aspects of its military spending are not covered in its official budget which is supplemented by profits from numerous business enterprises owned by the PLA.

Although estimates vary, a widely quoted figure is that Chinese military spending has been increasing by around 10-12 per cent a year in real terms.

The budgetary increase for the current financial year is reportedly 22 per cent.

Australian Defence officials are understandably reluctant to come up with a precise figure but freely acknowledge that spending is increasing sharply in real terms.

Top-line Russian fighters such as the Su-27 have been purchased, but more attention is being paid to its intelligence service's efforts to acquire the capability to build high-tech weapons to Chinese designs.

Although same commentators barely suppress their admiration for China's ongoing attempts to combine a police state with a free market, the implications of its massive military build-up should not be ignored. A much weaker China attacked India in 1962 and Vietnam in 1979. A responsible Australian defence policy needs to concentrate far more clearly on the huge task of encouraging China to become a more co-operative member of the international community.

### Spy Charges Dropped Against Former ASIO Officer

BK2211065894 Melbourne Radio Australia in English  
0100 GMT 22 Nov 94

[FBIS Transcribed Text] Espionage-related charges against a former officer of the Australian Security Intelligence Organization, ASIO, that he was accused of spying for Russia, have been dropped. ASIO is responsible for internal Australian security matters.

Donnal Ulney reports that the Federal Office of the Director of Public Prosecution [DPP] says it could not prove its case against a Canberra man, George Sadil.

[Begin recording] [Ulney] Fifty-eight-year old George Sadil faced 37 charges— 24 relating to espionage, which required a jury trial. The prosecution case was that he had hidden confidential documents in the lining of his jacket and given information to a KGB agent whom he had befriended. Most of the documents related to the reorganization of ASIO. Mr. Sadil admitted he had taken the documents, but said he had taken them home to examine them because he was concerned about his future.

The DPP has now dropped all of the espionage-related charged after considering a [word indistinct] application from Mr. Sadil's defense counsel. The application asked that the trial not go ahead because Mr. Sadil was not betraying his country, but was worried about his future with ASIO.

[Sadil] I was always [passage indistinct]

[Ulney] Mr. Sadil says his legal representatives will consider the issue of compensation. [end recording]

### Further Reportage on ROK President's Visit

#### Technology Cooperation Agreed

SK1811064094 Seoul YONHAP in English 0633 GMT  
18 Nov 94

[FBIS Transcribed Text] Canberra, Nov. 18 (YONHAP)—South Korea and Australia have agreed to establish a 300-million-won (375,000-U.S.-dollar) fund to expedite science and technology cooperation over the next three years.

The agreement was reached Friday [18 November] afternoon by South Korean Trade, Industry and Energy Minister Kim Chulsu and his Australian counterpart Bob McMullan, based on an earlier accord between President Kim Yong-sam and Prime Minister Paul Keating.

Kim is accompanying President Kim during his tour of the Philippines, Indonesia and Australia.

Expressing concern about the worsening trade imbalance in favor of Australia, Kim asked for Canberra's cooperation in reducing tariff rates for Korean exports. In response, McMullan revealed plans that call for cutting tariff rates by the year 2000 from the current 31 percent to 25 percent for textiles, from 43 percent to 15 percent for clothing, from 33 percent to 10 percent for footwear and from 30 percent to 15 percent for automobiles, according to officials accompanying Minister Kim.

The two ministers also decided to conclude an investment guarantee agreement as soon as possible with a view to promoting mutual investments, which are already on the increase.

Kim expressed interest in South Korea's participation in Australian liquefied natural gas development projects and sought McMullan's support in the matter, according to the sources.

### President Kim Leaves for Seoul

*SK1911013094 Seoul YONHAP in English 0120 GMT 19 Nov 94*

[FBIS Transcribed Text] Sydney, Nov. 19 (YONHAP)—President Kim Yong-sam departed Canberra early Saturday for Seoul after a four-day state visit to Australia, wrapping up a 10-day trip to the Philippines, Indonesia and Australia and participation in the Asia-Pacific Economic Cooperation (APEC) summit.

Kim, aboard a special flight provided by the Australian Government, flew to Sydney where he took a special plane to Seoul. Kim will arrive in Seoul later in the day.

Kim left Seoul on Nov. 10 and visited the Philippines (Nov. 10-12), Indonesia (Nov. 12-16) and Australia (Nov. 16-19), while attending the summit meeting of the 18-member APEC forum on Nov. 15 to solidify the Asia-Pacific age.

Kim met with U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama in Jakarta on Nov. 14, just before the APEC summit, to discuss the North Korean nuclear issue, the situation on the Korean peninsula and developments in Northeast Asia.

During the three-way summit meeting, the leaders agreed to maintain close cooperation in implementing the accord which the United States and North Korea reached on Pyongyang's nuclear program to ensure peace and stability on the Korean peninsula.

Kim also had one-on-one talks, during his stay in Jakarta, with the leaders of the United States, Japan, Canada and China to discuss expanding economic cooperation and improving relations.

Wrapping up the APEC summit, Kim, along with the leaders of the 17 other member countries, signed the Bogor Declaration liberalizing trade in the region. He also sought economic cooperation and expanded investment in the Philippines, Indonesia and Australia.

While in Sydney, Kim announced a long-term vision for the nation's globalization, apparently on the basis of his trip to the three Asia-Pacific countries and participation in the second summit of the APEC forum.

### Evans Rejects E. Timor Independence Referendum

*BK2111064994 Melbourne Radio Australia in English 0500 GMT 21 Nov 94*

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, has rejected calls for a people's referendum on full independence for East Timor. Mark

Robinson reports that Senator Evans says self-determination can be achieved under continued Indonesian control.

[Begin Robinson recording] One of Indonesia's leading academics, George Adijondro, says continued unrest in East Timor shows the need for a referendum, offering voters a choice of remaining part of Indonesia or becoming independent. Currently visiting Sydney, Mr. Adijondro says a referendum is now the key demand of the democracy movement, but Foreign Minister Gareth Evans says a true referendum offering independence is not realistic. He says greater autonomy for the country, which was invaded by Indonesia in 1975, is the best option. He says Australia will continue to support Indonesian control, but it welcomes any new reconciliation proposal which does not fuel expectation with independence. [sentence as heard] [end recording]

### New Zealand

#### Singapore Prime Minister Arrives for Visit

*BK2111114594 Singapore Radio One in English 1100 GMT 21 Nov 94*

[FBIS Transcribed Text] Prime Minister Goh Chok Tong and his 15-member delegation are in New Zealand for a four-day official visit. He was met on arrival in Wellington by Prime Minister Jim Bolger. The two leaders had recently met in Jakarta during the APEC [Asia-Pacific Economic Cooperation] meetings. During their talks in Wellington, they are expected to discuss the implementation of the Bogor Declaration and other regional issues.

Mr. Goh's visit is aimed at reaffirming the close bilateral ties between New Zealand and Singapore, especially in the areas of defense, education, and tourism. Both leaders are also expected to discuss joint ventures in third countries. Three business deals are due to be signed between Singapore and New Zealand firms.

### Goh Attends State Luncheon

*BK2211122994 Singapore Radio One in English 1100 GMT 22 Nov 94*

[FBIS Transcribed Text] Prime Minister Goh Chok Tong sees his visit to New Zealand as a new chapter in bilateral relations. He says the relations must revolve to keep pace with new challenges in the post-Bogor period.

Speaking at a state luncheon in Wellington, Mr. Goh said New Zealand and Singapore should work to translate into reality the Bogor commitment to free up APEC [Asia-Pacific Economic Cooperation] economies. He also welcomed New Zealand's moves to strengthen its links with Asia through the Asia 2000 initiatives.

Together with Singapore's push to invest in the region, the two countries will have many opportunities to work together.

In a welcoming address earlier, Prime Minister Jim Bolger said New Zealand looks forward to working with Singapore to help bring about the APEC goal of achieving free and open trade and investment. He noted that New Zealanders are now more aware that the national destiny lies in the Asia-Pacific region.

Later at a joint news conference with Mr. Bolger, Mr. Goh responded to a question on the increasing resentment in New Zealand to foreign investors. Mr. Goh said New Zealand must open up to foreign investment [words indistinct] the region is growing robustly.

Mr. Bolger added that investment had become an essential ingredient of New Zealand's growth and prosperity.